Austria ... Sch. 18	Indonesia ... Rp 2500	Portugal ... Esc 80
Bahrain ... Din 0.650	Italy ... L 1300	S Arabia ... Rls 6.00
Belgium ... BFr.28	Japan ... Y550	Singapore ... S$ 4.10
Canada ... C$2.00	Jordan ... Fils 500	Spain ... Pta 110
Cyprus ... C£0.60	Kuwait ... Fils 500	Sri Lanka ... Rup 30
Denmark ... Dkr 7.25	Lebanon ... L£ 6.00	Sweden ... Skr 8.50
Egypt ... E£1.00	Luxembourg ... LFr.28	Switzerland ... SFr 2.20
Finland ... Fmk 6.00	Malaysia ... Rm 4.25	Taiwan ... NT $65
France ... FFr. 6.00	Mexico ... Pes. 300	Tunisia ... Din 0.600
Germany ... DM 2.20	Morocco ... Dh 6.00	Turkey ... L 210
Greece ... Dr 70	Netherlands ... Fl 2.50	U.A.E. ... Dh 6.50
Hong Kong ... HK$ 12	Norway ... Nkr 8.00	U.S.A. ... $1.50
India ... Rup. 15	Philippines ... Pes 20	

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FINANCIAL TIMES

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Opec faces a crisis in the oil market, Page 14

World news

Sharon loses suit against Time

Mr Ariel Sharon, Israel's former Defence Minister, lost his $50m libel suit against Time magazine. The New York jury hearing the suit ruled that the magazine did not "knowingly and recklessly" publish a false story linking him with the massacre of Palestinians in refugee camps near Beirut in 1982.

Mr Sharon claimed partial victory, however, as the jury, which deliberated for 11 days, found that the story defamed him and that the offending paragraph was false.

The suit has been seen as having widespread implications for the press and the future of libel actions. Page 16

Jumblatt 'may quit'

Walid Jumblatt, leader of Lebanon's Druze community, is considering resigning from the Government soon according to one of his political aides.

Nicaragua debate

The Reagan Administration faced a further erosion of congressional support for its covert war in Nicaragua after Senator Richard Lugar, the new Republican chairman of the Senate Foreign Relations Committee, said that the U.S. must find other ways to apply pressure on the Sandinista Government. Page 4

Vatican strike threat

The union representing lay workers in the Vatican hinted that it might call its first strike unless it received a reply to a series of demands on pay and conditions.

Guerrillas' trial

An investigating magistrate in Rome sent 174 suspected left-wing guerrillas for trial on charges of armed insurrection and inciting civil war.

Talks collapse

Lebanon and Israel broke off their talks on co-ordinating the first stage of Israel's withdrawal from south Lebanon. Page 3

Discovery away

The U.S. space shuttle Discovery began its secret military mission after a 24-hour delay caused by icy weather.

Salvador elections

El Salvador's municipal and National Assembly elections have been put back two weeks until March 31 as a result of pressure by right-wing political parties. Page 4

Pakistanis jailed

Pakistani military authorities jailed five more opposition politicians in the Punjab province capital of Lahore.

SS Major freed

Former SS Major Reder, jailed for 33 years for the wartime massacre of 600 Italian civilians, was released from prison in Gaeta, on the coast between Rome and Naples, and flown to Vienna. The Austrian Government requested his release. Page 2

Mengele protest

More than 100 Jewish twins who survived experiments conducted by Nazi concentration camp doctor Josef Mengele will press for his extradition to face trial. He is believed to be living in Paraguay.

U.S. Carbide probe

The U.S. Environmental Protection Agency is investigating 28 leaks at Union Carbide's West Virginia plant of the chemical that killed at least 2,500 people in Bhopal, India. Page 4

Business summary

Spanish current account in surplus

SPAIN'S 1984 current account showed a surplus of $2bn, a sharp turnround on a $2.3bn deficit in 1983. Finance Minister Miguel Boyer said the surplus was due to a 20 per cent increase in exports in real terms. Page 16

DOLLAR was weaker in London, falling to DM 3.156 (DM 3.1795), SwFr 2.655 (SwFr 2.6815), FFr 9.6625 (FFr 9.7225) and Y253.7 (Y254.35). On Bank of England figures, the dollar's trade-weighted index fell to 146.1 from 146.5. In New York it closed at DM 3.159, FFr 9.6775, SwFr 2.659 and Y253.75. Page 35

STERLING gained 70 points against the dollar in London to close at $1.1175. It also improved to FFr 10.8025 (FFr 10.8) and Y283.75 (Y282.75) but lost ground to DM 3.53 (DM 3.535) and SwFr 2.97 (SwFr 2.98). The pound's exchange index was unchanged at 70.7. In New York it closed at $1.1185. Page 35

WALL STREET: The Dow Jones industrial average closed 4.30 down at 1,270.43. Section III

LONDON equities and gilts were hit by interest rate fears but stocks recovered slightly on hopes of an end to the miners' strike. The FT ordinaries index fell 12.0 to 991.7. Section III

TOKYO: Investor enthusiasm was dampened and shares settled lower with the Nikkei Dow market average down 2.65 to 11,858.36. Section III

AMSTERDAM shares hit their twelfth peak this year although some profit-taking was apparent. Page 25

GOLD rose 75 cents on the London bullion market to $301.75. It was also higher in Zurich at $301.25. In New York, the Comex February settlement was $299.70. Page 34

BRITISH companies are taking part in two thirds of the 104 projects chosen to launch a new EEC drive in information technology. Page 2

U.S. MONEY SUPPLY: M1 fell $2.8bn to $556.8bn in the week ending January 14.

DELTA AIR LINES, the U.S. carrier, lifted second-quarter net earnings 81 per cent to $73.9m and raised its dividend to 20 cents. Page 18

EXXON, the world's biggest oil company, reported its first quarterly profit setback in over two years, but this was not sufficient to offset a 11 per cent rise in full-year net income to $5.525bn. Page 17

OLIVETTI, Italy's leading data processing equipment maker, is to acquire the sales operations of Exxon Office System, a subsidiary of the diversified U.S. energy group. The purchase price was not disclosed. Page 17

TDK, the world's largest supplier of magnetic tapes, increased its consolidated profits by nearly 20 per cent to Y32.25bn ($131.1m) in the financial year ending November. Page 19

AUSTRIAN AIRLINES will announce record profits for 1984 when its annual accounts are published in April. Earnings will exceed the Sch 5.69bn ($255m) achieved last year.

BAYER, the West German chemical and pharmaceutical concern, may take over full control of Schelde Chemie, the troubled chemical company it has run as a partnership with Ciba-Geigy of Switzerland. Page 18

LISNAVE, the troubled Portuguese ship repair yard, is to reduce its workforce to try to ease some of its crippling overheads. Page 2

We apologise for any typographical errors in today's edition arising from industrial action by members of the National Graphical Association in the proofreading room in London.

Thatcher 'urged Reagan to back $ action'

BY DAVID HOUSEGO IN PARIS AND PHILIP STEPHENS IN LONDON

MRS MARGARET THATCHER, the British Prime Minister, made a personal appeal to President Ronald Reagan to smooth the way for last week's pact of leading industrialised countries to take joint action against the dollar, it emerged yesterday.

Mrs Thatcher's telephone call, revealed by senior French Finance Ministry officials in Paris, came after the British Government had been forced to raise interest rates sharply to halt the slide of the pound on the foreign exchange markets.

The two leaders' talk was a major influence behind the agreement by finance ministers of the Group of Five industrial nations last Thursday. They decided to intervene more frequently in the markets to curb speculative surges in the dollar's value.

A Downing Street spokesman would last night give no comment on the French report.

Officials in London were privately conceding, however, that there had been contacts at the highest level with Washington in the wake of the sterling crisis.

Mr Nigel Lawson, Britain's Chancellor of the Exchequer, who until this month had been lukewarm about the value of intervention, is also known to have planned a leading role in securing the agreement at the finance ministers' meeting.

Mrs Thatcher's personal appeal is likely to have been influential in bringing a change of heart in the U.S. Administration, which had previously opposed an active intervention policy.

The French officials said that the U.S. Federal Reserve bad sold $46m as part of the co-ordinated effort by central banks to halt the rise of the dollar on Tuesday.

This provides the first concrete evidence of the size of U.S. intervention since last week's meeting. Mr James Baker, the U.S. Treasury Secretary-designate, said on Wednesday that "as far as he knew" the U.S. had not as yet taken part in co-ordinated central bank action to sell dollars.

Only Japan of the Group of Five countries did not take part in the joint move, Frency officials said.

According to other sources in Paris, the finance ministers agreed at the Washington meeting that the foreign exchange markets were now "close" to the disorderly conditions under which industrialised nations described intervention as justified in the Versailles summit declaration of June 1982.

In their accounts of the Washington meeting they contrasted the strong British pressure in favour of intervention with the negative Brit-

Continued on Page 16

Editorial comment, Page 14; Money markets, Page 35; Stock markets, Section III

COAL UNION TACITLY ACCEPTS TALKS ON CLOSURE OF UNECONOMIC PITS

London takes hard line as strike leaders waver

BY JOHN LLOYD IN SHEFFIELD AND PETER RIDDELL AND PHILIP BASSETT IN LONDON

BRITAIN'S 11-month-old coal miners' strike entered its final chapter yesterday with conflicting attempts by the National Union of Mineworkers (NUM) to end the dispute with some dignity and by the state-run National Coal Board (NCB) to close it with the stamp of unequivocal victory.

The union executive yesterday agreed a statement which called for talks without preconditions early next week. It tacitly accepted that such talks would focus on the board's need to close uneconomic pits, the central issue of the strike.

The coal board, however, demanded a "written indication that the union is prepared to help resolve the problem of uneconomic capacity" and that the NUM "co-operates with the essential task of closing loss-making pits."

In issuing the statement midway through the executive's deliberations and with the full authority of Mr Ian MacGregor, the NCB chairman, the board made a sharp break with the conciliatory tone it had adopted earlier this week, a tone echoed by the Conservative Government's energy ministers.

It appeared that Mr MacGregor, possibly under pressure from Mrs Margaret Thatcher, the Prime Minister, had hardened the board's attitude in order to ensure that if talks do take place they will be wholly on the board's terms.

The wrangle over preconditions cast doubt over the possibility of a final round of talks next week between the two sides. Mr Peter Heathfield, the NUM general secretary, and Mr Ned Smith, the coal board's industrial relations director, had two heated telephone conversations yesterday afternoon but agreed to try again today to get a basis for talks.

Mr Michael Eaton, the NCB's spokesman, said last night that "the chance must be very high that there will be a meeting." He said he thought the day's events had "probably" brought negotiations closer.

Mr Arthur Scargill, the NUM's left-wing president, last night wrote to the NCB, hoping that the board "like the union, would confirm their agreement to participate in talks without preconditions."

Mr Scargill said that "at this meeting, the union will table certain proposals which it is hoped will facilitate the negotiations to take place and help resolve the dispute." Mr Eaton described this development as "very hopeful."

Having learned of Mr Scargill's letter, both Mr Eaton and Mr David Hunt, Coal Minister, said that pledges from the NUM need not be made public.

Both the Trades Union Congress and the conciliation service, Acas, have been working hard behind the scenes to promote fresh talks, and last night Mr Norman Willis, TUC general secretary, said: "This is a dispute whose time has come for settlement." But he described the NCB's behaviour as "mystifying," and said: "This is a time for honest dealing – and not shilly-shallying."

Key ministers were insistent last night that the talks would go ahead. One suggestion was that preliminary discussions between officials of the NUM and the NCB might take place as early as Sunday or Monday, with the full NUM executive being brought in for proper and final negotiations in the middle of next week.

Mrs Thatcher told the House of Commons yesterday that she fully supported the coal board's refusal to enter new talks without a written undertaking from the NUM to discuss the closure of uneconomic pits.

"I am anxious that there should be a settlement, and a clear settlement," Mrs Thatcher said. "There have already been seven rounds of negotiations, and it is important that the next round of negotiations is entered into on a clear basis so that there can be no fudging whatsoever."

"Any result must make it absolutely clear that uneconomic pits must close, she said. "The final decision must rest with the management of the NCB after the proper processes of consultation have been gone through."

Ministers conceded that their aim is to isolate Mr Arthur Scargill within the union's leadership while still preserving the NUM as a national union.

Members of the union's executive yesterday ruefully conceded the weakness of their position but objected to what they saw as attempts by the coal board and Government to humiliate them.

The union leaders are not as a whole prepared to "capitulate in advance," as one member put it. Mr Heathfield said last night: "Quite frankly, I would rather not have an agreement."

The executive that, while a failure in the talks or a failure to talk would result in a continuing return to work, a hard core of as much as 40 per cent of the union would stay out indefinitely, leaving the NCB with an insuperable management problem.

The coal board said yesterday that a further 277 miners returned to work yesterday, making a total this week of more than 3,200. The board believes that more than 42 per cent of the 189,000 miners are now working.

● Yesterday's extraordinary events in what seem to be the dying spasms of the 11-month-old strike throw into public view the deep split in the NCB in its starkest form so far. Put simply, the division is between those, like Mr MacGregor, who are playing for a decisive, even crushing victory over the NUM, especially Mr Scargill, and those, led at the moment by Mr Smith, who are looking for a "settlement with dignity" for the mineworkers.

The statement issued by the NCB yesterday, calling on the NUM to give, as a pre-condition to talks, a signed guarantee that the union would co-operate in the NCB management's dealing with the industry's problems of uneconomic capacity, was a jagged and surprise intervention into moves towards talks which had been carefully nurtured over the past week.

Last week, Mr Smith cleared with Mr MacGregor the talks held with Mr Heathfield on Monday of this week. Behind the scenes, both the Trades Union Congress (TUC)

Continued on Page 16

European pact by four major telecom groups

BY DAVID MARSH IN MILAN AND RAYMOND SNODDY IN LONDON

FOUR of Europe's largest telecommunications companies yesterday reached a technical co-operation agreement designed to make the EEC more internationally competitive in modern telephone systems.

The accord between CIT-Alcatel of France, Italtel of Italy, Siemens of West Germany and Plessey of the UK is aimed at reducing unnecessary duplication in research and development and keeping Europe at the forefront in digital telephone exchanges.

The agreement, signed in Milan, could also pave the way for joint efforts to build future public telephone switching systems for the 1990s, M Georges Pebereau, chairman of CIT-Alcatel, the state-controlled organisation, said yesterday.

The four-company agreement follows a collaboration deal between Italtel and CIT-Alcatel, signed in October. Plessey and Siemens were then invited to join.

Initially, the joint research will look at such targets as how to get more functions on microchips – very large scale integration (VLSI) – and the development of other components.

The four companies will also, within the next six months, be looking at the possibility of extending the co-operation to include software and common maintenance agreements.

A technical manager in each company will, for the moment, manage collaborative research, but in the longer term a common research centre may be established.

The companies will also work towards common standards for future digital networks which will link voice, data and image transmission. The aim would be to ensure that terminals could be easily connected to the systems of all four European companies.

Mrs Marisa Bellisario, managing director of Italtel, said that common research efforts, initially grouping 60 to 70 people, showed that "Europe is moving in a common direction."

"We see this as a starting point. We want to learn together," she added.

Mr Eric Clark, managing director of Plessey Telecommunications and Office Systems, said yesterday that he believed the Milan agreement was the most significant degree of collaboration yet to be reached by European telecommunications companies.

It was done to take opportunities "but in the face of necessity," Mr Clark said.

Both European governments and the EEC have been anxious to improve collaboration between Europe's main telecommunications companies.

AT&T in Pacific cable consortium

BY PAUL TAYLOR IN NEW YORK

AN INTERNATIONAL consortium of telecommunications companies has signed a preliminary agreement to build the first transpacific fibre-optic telephone link at a cost of about $593m.

The 7,200-mile undersea cable, using laser-powered digital lightwave communications technology, will link California with Hawaii and then split into two branches to connect with Guam and Japan.

Under the terms of the agreement signed at an international telecommunications conference in Hawaii, American Telephone & Telegraph, the U.S. telecommunications group, will provide about 56 per cent of the project cost. Kokusai Denshin Denwa, Japan's international telephone service carrier, would pay about 22 per cent and the remainder would come from the 20 other companies involved.

A formal agreement to go ahead with the project, which is subject to several conditions, including the approval of regulatory authorities in the 10 nations involved, is expected to be signed by the end of September. The cable system is due to go into operation in December, 1988.

The system, known as Hawaii 4/Transpac 3, would be the fourth cable between the U.S. mainland and Hawaii and the third from Hawaii to the western Pacific. Its twin sets of optical-fibre cables will be able to carry voice, data, television and video conference services.

The North American companies involved in the project include AT&T, MCI, GTE Sprint, ITT Communications, RCA Global Communications, Western Union Telegraph, and Teleglobe Canada.

Nynex and Ameritech results, Page 17

Western nations allow Poland until 1995 to pay debt arrears

BY DAVID BUCHAN IN LONDON

WESTERN governments have given Poland until 1995 to complete repayment of its 1982-84 debt principal arrears of $9bn to $10bn and until 1989 to finish paying off accumulated interest of some $2bn on those arrears.

This is the essence of the agreement in Paris last week which concluded more than three years of on-off debt negotiations between Poland and its 17 biggest Western creditors. Western officials claim that the agreement – rescheduling official debt arrears over 11 years with a six-year grace period – is more generous to Poland than Poland's rescheduling agreements with Western commercial banks.

Officials in Warsaw conceded this yesterday but pointed out that Western governments were still baulking at providing the new credit it needed by Poland to "re-float" its economy and meet even a reduced debt repayment schedule: Mr Jerzy Urban, the government spokesman, gave details of the rescheduling this week and warned that without such fresh credit Poland might not formally sign the agreement that was only "initialled" last week in Paris.

Venezuela's leading commercial bank creditors are due to meet in New York today amid hopes of further progress in drafting legal documents needed to complete the rescheduling of $20.75bn in public sector debt. Agreement in principle was reached on rescheduling last September. Page 4

The two-phase procedure – first initialling, then signing a rescheduling agreement – is highly unusual for the Paris Club of Western government creditors. It provides Poland with further negotiating leverage.

If the Paris agreement holds, Poland's complicated debt arrears will be sorted out in the following way:

● Some of the $350m unpaid interest which accumulated in 1982–83 on 1981 debt is to be paid now, with the rest paid after the Paris accord is signed, hopefully in June. Some of the $200m interest on 1981 debt which accumulated in 1984 will be paid by August 31;

● All of the unrepaid principal due in 1982–84 will be rescheduled, with payment to start in 1990 and end in 1995. Of the amount of interest due on the 1982–84 principal, which has still to be agreed between Poland and the official creditors, half will be paid this year and the rest in instalments between 1986–89.

● Poland is now to start bilateral negotiations with its 17 government creditors to fix interest rates and precise terms. In these negotiations, Warsaw is expected to press hard its demands for new credit;

● Western governments have told Poland they are ready to open discussions as soon as possible on rescheduling its 1985 debt maturities so that unrescheduled arrears do not grow. But there can be no agreement on 1985 debt before the 1981–84 debts are settled in a formal accord, therefore discussions on this year's debts might not be concluded until late autumn.

CONTENTS

France expected to scrap controls on petrol prices

BY PAUL BETTS IN PARIS

THE FRENCH Government is expected to abolish controls on domestic petrol prices next week in a move which is likely to intensify the discounting war at French petrol stations.

A number of major oil companies were reported yesterday to be discounting heavily at a few of their petrol stations.

The decision to liberalise petrol prices will end the system of controls which has lasted for about 50 years.

Pressure for reform has come in recent months from large independent petrol retailers and hypermarket chains like the Leclerc group and Carrefour which have been offering discounts below the legal minimum.

Oil product prices are regulated in France by a complicated formula which, in the case of petrol, fixes a maximum price. Retailers can offer discounts of up to 10 centimes but no more. The Leclerc and Carefour chains have, however, been offering discounts of up to 30 centimes.

The Leclerc chain has taken the French Government to the European Court of Justice, in Luxembourg, charging that its pricing mechanism contravened the Treaty of Rome.

The judgment, expected shortly, is likely to go in favour of Leclerc. If it does the Government will be obliged to scrap the controls.

The Socialist Administration, which in recent weeks has again pressed its approval of gradual liberalisation of all industrial prices in France, sees a number of advantages from scrapping the controls.

One of the biggest is that at a time of over capacity in the oil market the freeing of prices is expected to lead to lower petrol prices. This would help the Government's fight against inflation.

However, the Government is expected to make some provision to safeguard smaller petrol retailers which would suffer from the intense competition unleashed.

M Michel Pecqueur, chairman of Elf Aquitaine, France's largest oil group, said yesterday he would welcome the freeing of petrol prices as long as the move involved complete liberalisation and did not include measures which distorted competition. He suggested the decision would inevitably lead to price wars in the domestic market.

The large French refiners are also concerned that the Government's imminent decision could squeeze their already tight margins. The French refining industry lost FFr 7bn (£636m) last year compared with FFr 4.6bn in 1983.

At the same time, the so-called independent retailers, who have been offering large illegal discounts, have seen their share of the domestic petrol retailing market rise from 11.4 per cent to 25 per cent in the past 10 years.

The Government could also envisage at a later stage the modification of the current rules on imports of refined oil products into France. The liberalisation would clearly put pressure on the refining industry in France and would inevitably lead to cuts in domestic refining output, according to French oil industry officials.

Opposition challenges to New Caledonia emergency

BY OUR PARIS CORRESPONDENT

EMERGENCY legislation to extend the state of emergency in New Caledonia, which was passed by the French National Assembly yesterday, could take some days to come into effect because of opposition in the Senate and a decision by the neo-Gaullist RPR party to challenge it before the Constitutional Court.

In the National Assembly, the Socialists who have an absolute majority, were the only party to support the legislation. The Communists voted against it, as did the RPR. The entrist UDF of former President Valery Giscard d'Estaing decided to abstain, reflecting the divisions in their ranks over theissue.

M Laurent Fabius, the Prime Minister, last night warned the Senate, where the opposition has a majority, against putting down amendments to the legislation that would rob it of its substance. Amongst the reasons he gave to justify the extension of the state of emergency was the need to give the Government powers to seize arms in the territory.

With the lapse of the original decree establishing the state of emergency early yesterday morning, the curfew was lifted on the islands yesterday.

The Government has the power to extend the emergency for a further 12 hour period prior to approval of the new legislation by the Constitutional Court. It is seeking under the new law to extend the emergency legislation until June 30.

M Jean-Marie Tjibaou, the separatist leader, who is currently in Paris, walked out of the National Assembly debate after opposition leaders had condemned his presence there. The opposition say that his claim to represent a provisional Melawesian government puts him in a state of insurrection against the French state.

Paul Cheeseright in Brussels reports on the EEC's drive for new industry

Strong British presence in Esprit

BRITISH companies are taking part in two-thirds of the 104 projects chosen to launch a new EEC research and technology drive in information technology.

The aim of the programme called Esprit, is to help make the EEC industry competitive in world markets during the next 10 years. A total of Ecu 750m (£471m) is being spent over five years from the Community budget. This is being matched by private sector funds in an Ecu 1.5bn programme.

The European Commission yesterday announced the projects and the successful tenderers for the first full year of Esprit's operation. They showed there would be a British presence in 67 projects, roughly the same level as France and Germany.

"In general there is a good geographical balance of participation, reflecting the strength of proposals submitted from different parts of the Community and the increase in co-operation," said the Commission.

Projects have to involve companies or institutions from more than one EEC country—

ESPRIT, HOW THE PROJECTS ARE DIVIDED

Sector	Number	National involvement UK	France	W. Germany	Italy
Advanced micro-electronics	28	18	18	17	6
Software technology	14	9	9	10	7
Advanced information processing	20	13	12	11	12
Office systems	23	14	15	16	15
Computer integrated manufacturing	19	13	10	13	9
Total	104	67	64	70	46

part of the attempt to create a European technological base as opposed to ten different national bases. The EEC puts up half the cost of each project.

The 1984 projects, announced at the same time as tenders are being called in for 1985 work, each involve an average five participants, often mixing together academic institutions, multinational groups and small specialist companies.

The funding committed is Es 180m, but this will rise to Es 215m in the second year of Esprit. The 1984 contracts are slow in starting because of Ministerial delays in giving a green light to the programme at the end of 1983 and the start of 1984.

The number of British participants in the contracts is 53, ranging from Westland Helicopters to Cambridge University, from Acorn to the Essex County Council and the Welding Institute.

The most strongly represented British company is General Electric, which is taking part in 20 projects. Plessey is taking part in 13, ICL in seven, British Telecom in six and Standard Telephones and Cables in five.

Among the educational institutions, the University of Strathclyde is taking part in four projects.

The variety of concerns taking part in the first stage of Esprit—there are 270 from throughout the Community—emphasises the interest in the programme. The first series of projects was four times over-subscribed and if all the tenders had been accepted, the total spending limit on the programmes—Community and private sector—would have been passed in the first year.

The closing date for applications for the second year is March 25. Proposals will be vetted by panels of specialists engaged by the Commission in Brussels.

The general policy in the five main information technology sectors selected for special attention by the EEC—advanced microelectronics, software technology, advanced information processing, office systems and computer integrated manufacturing—is to foster research with an active potential for industrial exploitation.

The Commission is telling those who want to take part in Esprit that not only must their proposals fit into a work plan, announced late last year, but also that they must state explicitly how they can be exploited.

Proposals "must specify as far as possible in quantitative terms what improvement over existing technology will be achieved. Projects that lead to demonstrate results or prototypes will be preferred," the Commission states.

Normally contracts are being offered for projects lasting up to three years with experts hired by the Commission staging a formal review of how the work is going every six months.

Th administration of Esprit is being carefully watched in Community circles because it is seen as the forerunner of efforts in other sectors, like biotechnology, to bolster collaborative work across national borders.

Esprit, although small given the scale of the problem in bringing the EEC up to a competitive level with the U.S. and Japan, is seen as the flagship of EEC industrial policy, hitherto largely concerned with the difficulties of traditional industries.

Portuguese companies 'need Esc 500bn'

By Diana Smith in Lisbon

EIGHTEEN PORTUGUESE public sector companies controlled by the Ministry of Industry, Mines and Energy need Esc 500bn ($2.8bn) to get on their feet, according to a 600-page White Paper (policy document) issued this week by the Ministry.

The companies are Portugal's largest corporations. Their output ranges from electricity to steel, oil and petrochemicals, basic chemicals and glass. In 1983, their accumulated losses totalled Esc 1,100bn.

The White Paper, which Sr Veiga Simao, the Industry Minister, sees as a basis for cabinet debates on the future of the public sector, recommends diversified ownership of public sector companies so that small investors could acquire about 40 per cent of their capital, and employees of the companies could hold 10 per cent of shares.

For nearly six years Portuguese governments have been debating what to do with a heavily-losing public sector which was created hastily in the 1975 revolution. But decisions have not matched the plethora of proposals, plans and promises.

Furthermore, bureaucracy and uncertain management have caused financial tangles in a state sector that including banks, insurance companies, transport and telecommunications corporations as well as industries – involves 81 enterprises and employ 210,000 people.

The White Paper claims that in 1983 the ministry's 18 companies were owed Esc 280bn by state bodies.

It suggests that non-viable units owned by the chemical corporation Quimigal – including fibre-glass, aniline, and synthetic gas – could be put on non-operating standby while their future was studied, and that the national steel corporation, which employs 10,600 people, must either be expanded according to a seven-year-old plan half-heartedly put into effect, or suspended.

● Lisnave, the Portuguese ship-repair yard which has been in financial difficulty, has obtained government approval to pare its labour force in the hope of easing some of its crippling overheads.

The Government has authorised 1,900 early retirements, 1,165 cessations of contract by mutual consent and about 700 dismissals. To help pay compensation of Esc 2.65bn, Lisnave will be assisted by nationalised banks and state unemployment funds.

Although the yard has been working steadily, its income falls far short of meeting its labour and materials costs.

Bad harvest takes toll of Soviet growth

BY PATRICK COCKBURN IN MOSCOW

THE Soviet Union's chief planner yesterday blamed the bad harvest for pulling down the growth in national income last year to 2.6 per cent, and said that, apart from agriculture, the Soviet economy had performed satisfactorily.

Mr Nikolai Baibakov, chairman of the Gosplan central planning body, said the current aim of his planners was to improve the quality of goods rather than raise output. Last year's growth figures given to the Council of Ministers this week were revised down from estimates made at the end of last year.

This is chiefly due to the poor grain harvest. In the absence of any Soviet statistics, Western estimates put the harvest at 170m tonnes, or 70m tonnes below target.

The Soviet Government has ordered California International Trade, a U.S. medical equipment company, to close its offices in Moscow, AP DJ reports. The Soviet Press alleged that the company was an unreliable trade partner and may have been helping U.S. intelligence agencies.

Ms Diane Brown, a company vice-president who flew from the company's Palo Alto headquarters to oversee the closure, said that Soviet officials still had given no explanation. According to U.S. diplomats, the company is the first U.S. business asked to leave.

California International has been doing business with the Soviet Union for 13 years, Ms Brown said. It has had about $10m annually in sales here, primarily kidney dialysis and heart-lung machines.

The amount of meat, milk and eggs produced has continued to rise with the need for extra feed for the livestock being met by buying grain abroad.

Mr Baibakov said that last year the Soviet Union produced 153m tons of steel but "calculations show that a further increase in production of metal is unjustified." Emphasis in future would be on quality metal production.

Gosplan, had calculated, he said, that "money spent on saving 1 per cent of fuel we consume is two or three times more effective than if spent on fuel extraction and production." Significant savings are expected from the further conversion of the truck fleet to use diesel

Asked about the new economic experiment, through which local managers are given greater autonomy and productivity is more closely linked to wages, Mr Baibavok expressed some dissatisfaction.

He said: "Far from full use has been made of the potential created by the new management conditions." He went on to criticise "certain executives who cannot get used to the new economics" and continue to use obsolete methods.

Basques pick moderate to lead government

BY OUR MADRID CORRESPONDENT

SR JOSE ANTONIO ARDANZA, a member of the Basque Nationalist Party who is hailed as a conciliatory and moderate politician, was yesterday elected the new head of the Basque autonomous government. His election is seen as signalling an end to bitter disputes both within the party and between the Basque executive and the central Government in Madrid that brought politics in the area to a standstill for much of last year.

He was largely unknown up to last December when he was chosen by the Nationalist Party, the Partido Nacionalista Vasco (PNV), to succeed Sr Carlos Garaikoetxea. The latter had been locked in a long-standing quarrel with the PNV executive which owed as much to personality clashes as it did to apparent fundamental differences over the funding and the attributions of the Basque government.

A consequence of the disputes was the effective breakdown of communications between the Basque government and Madrid. The complex process of transferring local power to the Basque country in accordance with its autonomous, self-governing status, came to a virtual halt as Sr Garaikoetxea's power base looked increasingly weakened.

Sr Garaikoetxea finally resigned as Lendakari or Chief Minister after a succession of stormy party conventions which took place last month and Sr Ardanza was duly elected yesterday to replace him by the PNV members in the Basque parliament which sits in Vitoria.

Prior to his election, Sr Ardanza had visited Madrid for talks with Prime Minister Felipe Gonzalez and his Socialist Party which is the governing party nationally but forms the opposition to the PNV in the Basque parliament.

These contacts paved the way for a so-called legislative pact between the PNV government and the Basque Socialists which aims to speed up the transfer of local government, to concentrate on economic recovery and to maintain a bipartisan approach to the issue of political violence.

While the pact has been enthusiastically welcomed in Madrid it has yet to be tested. Sr Ardanza, a former seminarian who has been closely involved in co-operative industrial movements, is a minor figure in the PNV hierarchy and lacks the charisma of his predecessor.

His election as Lendakari owes much to his status of compromise candidate between the rival PNV factions. Sr Ardanza's initiative to mend bridges with Madrid could alienate hardliners within the party who have never sympathetically viewed a rapprochement with the central Government.

Bonn forecasts cut in jobless

BY RUPERT CORNWELL IN BONN

THE BONN Government is expecting that continued solid expansion will generate a further modest fall in unemployment this year, as well as the first actual rise in the number of those with jobs for five years.

This comparatively encouraging picture merges from the annual report drawn up by the Economics Ministry here, which by and large agrees with other official and independent forecasts over the course of Europe's largest economy this year.

The ministry bases it projection on the view that little further room exists for productivity increases alone to cover the 2.5-3 per cent real growth likely in 1985 for West Germany.

But other factors arguing for a slight reduction in the total of those without jobs—currently about 2.2m—are the introduction of a state-sponsored early retirement scheme, and a persisting fall in the number of immigrant workers in the country.

None the less, the ministry is only predicting that unemployment will decline to "under 9 per cent" from last year's overall average of 9.1 per cent.

Despite the weakness of the D-Mark, particularly against the dollar, consumer prices are set to rise only 2 per cent this year, thanks to small increases in wages and salaries, and steady imported raw material costs.

Italy releases war criminal to Austrians

By James Buxton in Rome

ITALY HAS handed over to Austria its last prisoner of war from the Second World War, the former SS officer, Walter Reder. He had been serving a 40-year sentence for his part in the massacre of 1,830 people at a village in northern Italy in 1944.

The hand-over was decided by the government of Sig Bettino Craxi following increasingly intense appeals for clemency on the part of the Austrian Government.

The present inhabitants of Marzabotto, the village near Bologna where Reder's men carried out the massacre, voted against the officer's liberation in an unofficial referendum a few weeks ago.

Reder's jail sentence was due to expire in July. In 1980, a military court granted him provisional liberty, but recommended that he be kept in prison for his own protection, presumably against revenge attacks.

Oslo stops Norsk Hydro strike

BY FAY GJESTER IN OSLO

THE NORWEGIAN Government yesterday halted a strike which has stopped production for about a weekq at most for about a week at most of the Norwegian plants of Norsk Hydro, the country's largest industrial concern.

It ordered compulsory arbitration of the dispute, which mainly concerns pay differentials for technicians and white-collar workers. The stoppage has cost Norsk Hydro nearly NKr 300m (£29m) in lost output, and forced it to lay off 2,500 of its other 9,000 employees in Norway.

Mr Arne Rettedal, the Minister of Labour, justified the Government's move by pointing to the risk of serious accidents, an dpermanent damage to plant and equipment, if the strike continued during the bitter weather.

Meanwhile, prolonged discussions between Norsk ydro and the Norwegian state-owned aluminium group, ASV, about merging their aluminium activities, have ended in stalemate—at least for the time being.

Iran-U.S. Claims Tribunal resumes hearings

BY WALTER ELLIS IN LONDON

THE MEASURED dignity of the Iran-U.S. Claims Tribunal – the legal equivalent of a "needle" match in chess between Karpov and Korchnoi – has been restored.

Hearings resumed last week in The Hague after a four months gap caused by an argument in the chamber between three of the judges. Two Iranian judges involved in the fracas have been replaced, and there is a new tribunal president, Professor Karl-Heinz Boekstiegel, of Cologne University.

In the past, progress at the tribunal has been painfully slow. The mutual distrust and disdain of the disputing parties claim's arising out of the Tehran hostages crisis has held down the rate of settlements.

Even after three and a half years most U.S. claims against Iran remain to be heard.

The tribunal was established amid suspicion and controversy in July 1981. It was held to be the only means by which the U.S. could hope to recover money owed to companies and individuals caught up in the chaos which gripped Iran during the early rule of Ayatollah Khomeini. A number of U.S. companies were confiscated, joint ventures were abandoned and debts renounced.

The money involved in the claims – 3,848 of them, including 518 for more than $250,000 – is difficult to assess. So far the court has dismissed outright half of the claims submitted and reduced the amounts involved in the others.

All that is certain is that a sum of $1bn has been set aside by Iran in the form of a revolving fund placed at the tribunal's disposal. Iran has undertaken to add a further sum when the fund is reduced to $500m, but since interest on the funds already exceeds $410m, it is unlikely that will be needed for some time. In fact, so far Iran has more than it started with.

Until the tribunal's suspension last September 21, $306m in payments had been made to the U.S. against a single payment of $3.7m to Iran. The largest award, of $49m, was paid to the R J Reynolds Tobacco Company. General Motors had the second largest, $20m, and Reading and Bates the third, with an award of $15m.

What has characterised the tribunal's proceedings has been the extreme bitterness of Iran. The incident last September, when two Iranian judges assaulted Mr Nils Mangard, their "neutral' Swedish colleague, was hardly typical. It does, however, illustrate the depth of feeling involved.

The Iranians cornered Mr Mangard as he was about to enter the tribunal chamber and accused him of siding openly with the Americans. Judge Mahmoud Kashani, reportedly threatened that if Mr Mangard entered the tribunal again "either his corpse or mine will leave it, rolling down the stairs."

Iran subsequently said that its judges had merely intended to prevent Mr Mangard from taking part in what was an improperly constituted session of the tribunal. It agreed, however, that the judges involved be recalled. They have been replaced by Mr Hamid Bahrami Ahmadi, formerly with the Bureau of International Legal Officers in The Hague, and Mr Seyed Mohsen Mostafavi Tafreshi, a Tehran court judge.

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FitzGerald faces economic backlash

By Brendan Keenan in Dublin

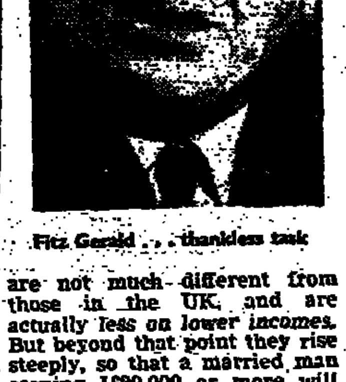
THE IRISH coalition Government of Dr Garret FitzGerald returned to parliament this week after the long Christmas recess to face an immediate Opposition attack over its handling of the economy. Ministers spent part of the holiday reviewing a performance which, after two years in office even Government supporters admit has been lacklustre.

It is true that Dr FitzGerald's coalition of Fine Gael and Labour inherited a thankless task in 1982. Foreign borrowing was soaring out of control, the inflation rate nearing 20 per cent and the recession taking a heavy toll on uncompetitive traditional industries.

Although borrowing is being reduced at a painfully slow pace, the situation has now stabilised with an inflation rate below 7 per cent, external deficits cut to manageable proportions and unemployment, although high at 17 per cent, beginning to level off.

Progress has been bought however at the price of a severe drop in Government's popularity. The latest opinion polls show the coalition trailing Mr Charles Haughey's Fianna Fail party by a full 13 points. Ministers have no doubt that the heavy tax burden imposed on wage and salary earners in an effort to reduce the budget deficit is the main reason for their unpopularity.

On salaries below I£8,000 (£6,971) a year, Irish tax rates



FitzGerald . . . thankless task

are not much different from those in the UK and are actually less on lower incomes. But beyond that point they rise steeply, so that a married man earning I£20,000 or more will pay 20 per cent more tax than his British counterpart. Indirect taxes are also much higher, with the top rate of VAT at 35 per cent.

The Government has promised that income tax bands and allowances will be indexed against inflation in the next budget, due on January 30. They hope to reduce the tax burden by the end of their term of office in 1987, in the hope of staving off defeat. Runaway public spending in the past 10 years means, however, that 66 per cent of Gross National Product is now accounted for by state spending, which leaves little room for manoeuvre.

A recent 4.5 per cent pay increase recommended for civil servants cannot be paid without further increases in indirect taxation, and by some estimates, Irish living standards have fallen by 20 per cent since 1980.

Government backbenchers, for their part, are asking why the coalition has not done more in areas that it can control, especially its promised programme of social reform of the law on property rights, illegitimacy and the provision of contraceptives.

The Government is worried, however, that action in these areas may cause backbench revolts from some sections of Fine Gael, especially over contraception.

Differences between the government partners have also delayed a programme to introduce independent commercial radio.

But a major problem is the administration's failure to master the business of government.

A Prime Minister who lists the study of airline timetables among his recreations is probably a soft touch for the kind of detail departments like to throw at Ministers. Civil servants have now been told they must slim down Cabinet agendas, which had been running to more than 40 items. There are to be no more 100-page memoranda and Ministers must settle policy differences outside the Cabinet room.

The idea is that the next 18 months will finally produce promised legislation, although the Government, with an overall majority of six, cannot risk too many defections. The thorny issue of divorce, which is banned under the Irish constitution, will therefore probably be left for another day.

Government planners hope that a restoration of Dr FitzGerald's image as a reformer, plus some reduction in the tax burden, may enable them to enter the next election with a fighting chance. But even if all goes well, it will be a close-run thing.

Israel wage and price pact hailed as breakthrough

BY DAVID LENNON IN TEL AVIV

ISRAEL'S NEW voluntary agreement with trade unions and employers to control prices, wages and taxes for the coming eight months, is being hailed as a major achievement for the Israeli Government, as it struggles to bring the economy under control.

In spite of the last minute arguments over the interpretation of some clauses, all sectors of the economy yesterday welcomed the agreement. The pact was hammered out over the last four days in a series of marathon meetings conducted by Mr Shimon Peres, the Israeli Prime Minister, and was due to be signed last night.

The key achievement is that the pact will enable the economy to make a controlled exit from the three-month price freeze which expires at the beginning of February. That first accord dramatically reduced the country's massive inflation rate to just over 3 per cent in December, compared to more than 20 per cent monthly in the period preceding, before the pact came into force.

Mr Yitzhak Modai, the Finance Minister, expressed satisfaction with the new agreement and said that if the Government can now implement the proposed cuts in its budget, the economy could be on the way to recovery in another year.

The new package allows prices to rise by an average of 3 to 5 per cent a month for the next eight months. The only exception will be Government subsidised goods and services whose prices will rise much more substantially in the coming three months in order to cut Government spending by $1bn (£895m).

Mr Gad Ya'acobi, the Minister of Economics, said the agreement would contribute significantly to slowing down the inflation rate. This is because, he said, "the reduction in the subsidies will enable the Government to reduce its expenditure. Inflationary pressure will also be eased by the agreement of the workers to forego compensation for the rise in the price of subsidised goods, and the agreement by the employers—to absorb part of the increase in input costs without raising their prices."

The minister said the move from a frozen to a controlled and directed economy would also improve the position of the country's severely strained foreign currency reserves within seven or eight months.

Under the new agreement all wage earners will receive a flat rate compensation of about $10 in their next wage packet to offset the price increases. Wage increments paid under the indexation system will not take into account the increase in the price of subsidised goods.

The agreement permitted the Government to raise the price of petrol, electricity and water yesterday by between 25 and 50 per cent. In addition the price of subsidised goods is expected to rise by about 12 per cent a month during the next three months.

Troop negotiations fail

BY OUR TEL AVIV CORRESPONDENT

ISRAEL AND Lebanon failed to reach any agreement yesterday on security arrangements in the areas of South Lebanon which Israel is planning to evacuate and no date has been set for another negotiating session.

It now appears that the only hope for an orderly transfer of the city of Sidon from Israeli hands to Lebanese Government or UN troops, depends on the persuasive ability of Mr Brian Urquhart, the United Nations under-secretary general who returned to the region last night.

Israel refused at yesterday's meeting to provide the Lebanese with a timetable for the three stages of its planned withdrawal of its troops. The first stage is due to be completed on February 18.

In response, the Lebanese said they would not discuss security arrangements for the vacated areas after the Israel pullback. Gen Mohammed el-Hajj, the head of the Lebanese delegation said the Lebanese army was getting ready to deploy in the Sidon area once the Israelis withdrew.

Colonel Yona Gazit, spokesman for the Israeli delegation, described the meeting as "disappointing."

Iran civil war talks 'collapse'

BY TERRY POVEY

SECRET TALKS aimed at bringing about a ceasefire in the bitter six year old civil war between Ayatollah Khomeini's fundamentalist Government and Iran's Kurdish minority have collapsed said a Kurdish leader yesterday.

The Kurdish Democratic Party, the largest of the groups fighting in the mountainous region of western Iran, believes that the reason Tehran pushed so hard for an immediate ceasefire is so that it could move a substantial proportion of the 60,000 troops and irregulars involved in policing the rebellious area to the Gulf war battlefields.

Iran has found it more and more difficult to replace the men lost in its "human wave" offensives in the war with Iraq over the last two years.

According to Dr Abder Rahman Ghassemlou, the head of the KDP, the party is opposed to any ceasefire before its demand for regional autonomy is answered.

Face to face negotiations, held despite the reviling of the KDP in the official Press for most of the last five years, between the warring parties were first held last summer when two political officials and a revolutionary guard commander met with the KDP in guerrilla-controlled territory.

Ayatollah Khomeini wants an end to the "killing of brother by brother" the KDP were told. Subsequent contacts, including one in Paris recently, have, however, convinced the KDP that the only purpose of the Government is to ease its manpower problems rather than to seriously discuss the autonomy issue.

Philippine general posts bail

GENERAL FABIAN VER, the Philippines armed forces chief, yesterday posted bail of Pesos 30,000 (£1,500) after an arrest warrant was served in connection with the assassination 18 months ago of opposition leader Benigno Aquino, writes Reuter from Manila. Gen Ver and 25 others accused of being either principals, accomplices or accessories are to be tried in a special court.

Kim may visit Tokyo

Japan may allow South Korean dissident leader Kim Dae-Jung to stop off in Japan on his return to Seoul from voluntary exile in the U.S. Jurek Martin reports from Tokyo. The Foreign Ministry yesterday said that this would be "reasonable" but stressed that the decision lay with the Justice Department. Mr Kim's travel documents only permit him to fly to the U.S and to his native Korea

Japan rejects pact

Japan has rejected a Soviet proposal for a long-term economic co-operation pact, the Foreign Minister told Reuter in Tokyo. Following a further two-day round of trade consultations, the Japanese said political relations had not become sufficiently stable.

Sino-Soviet success

Cross-border trade between China and the Soviet Union is expected to double this year to about $13m (£11.5m), according to a New China News Agency report quoted by Reuter. Increased frontier trade between the two communist powers is seen by both sides as a symbol of improved relations.

Taiwan output rises

Taiwan's industrial production index in December stood at 131.7, up 4.35 per cent from November and 4.78 per cent from a year earlier, according to government statistics, reported by AP-DJ.

Indian income boost

India's per capita income rose 5.2 per cent last year but remained one of the lowest in the world at 2,201 rupees (£155), according to a government report quoted by AP-DJ.

Malaysia's leader is newly vulnerable, reports **Chris Sherwell**

Mahathir faces political difficulties

FEW IN MALAYSIA would have believed it possible even six months ago, but a significant reassessment of the premiership of Dr Mahathir Mohamad is under way within the country's political establishment, business community and foreign diplomatic corps.

Expectation is running high that a general election will be called much earlier than the due date of April 1987, and perhaps even later this year. Although no one doubts that the ruling-party National Front coalition will be returned to power, its previous margin of victory in 132 out of 154 seats could well be chopped back.

THE chief minister of the home state of Malaysian Prime Minister Mahathir Mohamad (left) has resigned amid controversy over his presence at a party in Bangkok, writes Wong Sulong from Kuala Lumpur.

Datuk Syed Nahar Shahabuddin, chief minister for the past seven years of the northern and predominantly Moslem state of Kedah, said in the state capital, Alor Star, that he was making way for a younger man. For the past two months, Syed Nahar, 50, has been deeply embarrassed by a video tape, produced by the opposition party Islam, showing him at the Bangkok party. The tape has been widely reproduced in Kedah and neighbouring states.

Syed Nahar has defended himself, saying that he did nothing wrong at the party and accusing his political opponents of doctoring the tape to suggest his behaviour had been immoral.

His successor, Datuk Osman Aroff, will be sworn in on Monday.

Even now, the standing of some of the key parties in the coalition is being eroded, while opposition parties and groups are posing new challenges. Fresh questions are being raised about the complicated religious and ethnic structure of Malaysian politics.

Dr Mahathir, who is 59 and has been premier since 1981, looks more vulnerable now than in the first half of last year. Then, his ascendency within the United Malays National Organisation (Umno), the powerful Malay party which dominates the country's politics, appeared asured.

No single factor seems to be responsible for this remarkable change. But few people doubt that Dr Mahathir's awkward handling of the constitutional crisis over the King's powers more than a year ago—a dispute which went on far too long and ended in a clumsy compromise — has been repeated over numerous issues since, to his continuing embarrassment.

It has taken more than six months, for example, to deal with a public controversy over a nuclear waste dump in Perak state. A battle has waged even longer over the proposed development of an ancient Chinese cemetery in the town of Malacca, providing another parochial but poltically significant dispute which has proved unnecessarily costly to the Government.

More importantly, Dr Mahathir's ruling coalition has been embarrassed by two major developments — a fractious internal quarrel which has split the Malaysian Chinese Association (MCA), the principal Chinese component, and the activities of a fundamentalist Moslem group outside the coalition known as Parti Islam or Pas, which has accused Umno of deviating from Islamic principles of government.

The MCA, almost a year after its troubles burst into the open, has been unable to patch up its differences. The squabble originally focused on allegedly padded membership lists, but degenerated into a legal and personal clash over the leadership. This has shocked the Chinese community and may even have helped the electoral standing of the opposition Democratic Action Party, a predominantly Chinese party highly critical of the Government.

The Pas controversy, disturbing to all those concerned about the possible growth of religious extremism in Malaysia, produced an astonishing proposal to debate on television the proper place in politics of the country's major religion. The plan was eventually scotched by no less a figure than the King, who is formally the final arbiter on aspects of the Moslem faith in Malaysia. The irony of his intervention, following the earlier constitutional argument over his powers, was lost on no-one.

But Dr Mahathir's main political problem actually goes back to before the time he was elevated from the Deputy Premier's position in 1981. This is the continuing Bank Bumiputra scandal, in which the country's biggest bank, formed to help economically weak Malays compete with the prosperous Chinese community, lent and lost billions of dollars to Chinese property speculators in Hong Kong between 1980 and 1983.

As details of the affair have unfolded, the suspicion has grown that leading figures in the Malaysian political establishment are implicated. So widespread is the talk of a cover-up that a new word could soon creep into the local lexicon —"Bumigate." One newspaper has even named as "Malaysian of the Year," Tan Sri Ahmad Noordin, the Auditor General, because of his skilful handling under restricted and difficult circumstances of the investigation into the bank's bad loans.

The Auditor General, obviously shocked by what he has discovered so far, has already called for a Royal Commission into the whole banking industry. But the most voluble criticism has come from a furious Hussein Onn, Dr Mahathir's predecessor who, perhaps only coincidentally, is known to have been unhappy about the way he eventually left office. He says the country's Malay community has been disgraced by the scandal and wants to see the culprits punished.

It still remains a puzzle who ultimately authorised the original Hong Kong loans, which went chiefly to the Carrian empire, and who sanctioned the expensive and ultimately abortive attempt to prevent what became the colony's biggest bankruptcy. Who was behind Carrian itself is an even bigger mystery.

It is also not certain whether more heads will roll beyond those who have now gone from Bank Bumiputra.

How seriously any further damaging revelations might affect Dr Mahathir's personal position is an open question. His determined and ambitious efforts to modernise Malaysia have rightly won him plenty of admirers, and can be expected to resist any attempts to ease him out, or to make him ask other senior officials to take responsibility and resign.

Tengku Razaleigh Hamzah, shifted last year to the Trade and Industry Ministry, has previously been thought vulnerable because his Finance Ministry was at a crucial time a major shareholder of Bank Bumiputra. Equally the one man who by common consent stands to gain most from the Government's embarrassment over Bank Bumiputra is Datuk Musa Hitam, the Deputy Prime Minister.

Though always tipped eventually to succeed Dr Mahathir, Datuk Musa's protegés' success in winning key positions in Umno party elections last May was quickly followed by the installation of Mahathir associates to run the party day-to-day, and by a Cabinet reshuffle in which the Prime Minister's long-time aide, Mr Daim Zainuddin, was brought in from private business to run the Finance Ministry.

People have since stopped talking of the "Two Ms", a favourite label to describe the powerful duo when they stood more firmly together. Though suggestion of a split remain far-fetched even now, it has not gone unnoticed that Datuk Musa has made conspicuous moves during Dr Mahathir's absences abroad to deal decisively with matters like the nuclear dump controversy and the MCA crisis.

None of this means that either Malaysia or even Dr Mahathir are in trouble. What it does suggest, however, is an unforeseen shift in sentiment which, as long as it continues, can be exploited by factions within Umno, components of the ruling coalition and opposition parties and groups.

That may be why talk of an early election is now building, so that a popular mandate might be renewed to head off potential difficulties. Politics in Malaysia's complex democracy thus promise to be even more fluid in the coming months than they have seemed in the past.

AMERICAN NEWS

EPA discloses details on leaks at Union Carbide

BY TERRY DODSWORTH IN NEW YORK

A U.S. ENVIRONMENTAL Protection Agency report on Union Carbide's safety procedures has disclosed that the company's plant at Institute, West Virginia, leaked 840 lb of methyl isocyanate, the chemical responsible for over 2,000 deaths in the recent disaster at Bhopal in India, in an incident just over a year ago.

According to company officials, this leakage was contained within the plant, and the EPA says that there is no evidence it threatened public health.

The agency added, however, that it is continuing investigations of this and other leaks, and would consider asking for a criminal investigation if it discovered that the chemical had been "released into the environment."

In a separate development yesterday, Mr Henry Waxman, the Democratic Congressman from California, said that a Union Carbide team had warned last September that the company's *Institute facility could* face a "runaway reaction" in tanks holding methyl isocyanate.

Releasing a copy of internal Union Carbide correspondence, he said he had not discussed the report with the company and did not know whether it had taken corrective action.

The 840 pound leakage of the chemical was much the largest in 28 incidents reported by the EPA over the last five years.

There were seven releases of chemical greater than 10 pounds, seven between 1 and 10 pounds and 14 of less than 1 pound. By contrast, the Bhopal *leak is believed to have* amounted to several thousands of pounds.

The EPA, whose investigations will be followed by a similar report from the Occupational Safety and Health Administration, also found that Union Carbide had failed to report some of the chemical releases and adequately estimate their size.

But it added that the company was in general guilty of only *"minor violations" of its* regulations.

Kirkpatrick unlikely to accept aid agency job

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

PRESIDENT Ronald Reagan plans to offer another Administration post to Mrs Jeane Kirkpatrick, the departing U.S. Ambassador to the United Nations, but there was considerable doubt in Washington yes*terday whether she would* accept.

Washington speculation has for some time been that Mr Reagan would propose that she become head either of the Agency for International Development (AID), which administers the U.S. foreign aid programme, or of the U.S. Information Agency. Mr Reagan is expected to meet Mrs Kirkpatrick next week to discuss her future.

Mr Reagan said in an interview on Wednesday that he had found a new foreign policy job for the conservative Mrs Kirkpatrick "that she would be very good at." But he would not identify the position, beyond saying that "It's not physically in the White House."

Administration officials yesterday said that Mr Reagan was likely to offer her the AID post, at the same time emphasising *his personal desire to keep her* as a foreign policy adviser.

Those who know Mrs Kirkpatrick, however, believe that she will not consider the job senior or influential enough.

Mrs Kirkpatrick is well known to want a cabinet-rank job at the level of state secretary or national security adviser, neither of which are available. She is said to have already turned down the AID job once before, in 1983.

Mr Reagan will have to be particularly persuasive if he is to induce Mrs Kirkpatrick to accept a second level job, perhaps holding out the promise of a more important post

Average pay rise in U.S. lowest on record

By Nancy Dunne in Washington

AVERAGE pay increases in major collective bargaining *agreements reached last year* in the U.S. were the lowest recorded in the 17 years statistics have been collected, the Labour Department said yesterday.

Rises given in 1984 under union contracts covering 2.3m U.S. workers averaged 2.4 per cent in the first contract year and 2.3 per cent annually over the contract life. The previous low settlement record was reported in 1983.

The 1984 settlements replaced contracts that called for an average first-year pay boost of 5.9 per cent and an increase of 4.9 per cent of the life of the agreement.

In some industries, primarily in automobile manufacturing, lump sum payments were negotiated instead of wage rate increases. In some cases, particularly in the construction industry wages were cut or frozen.

'Contra' aid plea likely to fail

THE REAGAN Administration yesterady faced a further erosion of Congressional support for its covert war in Nicaragua, after Sir Richard Lugar, the new Republican Chairman of the Senate Foreign Relations Committee, said the U.S. must find other ways to apply pressure on the Sandinista Government, writes our U.S. Editor in Washington.

Mr Lugar predicted Con*gress would probably reject* an Administration request for further aid to the anti-government "Contra" rebels which is expected in the coming weeks.

Mr Lugar told the Washington National Press Club that the aid was no longer "viable" — *because it was no* longer covert and Congress would probably not continue to fund it.

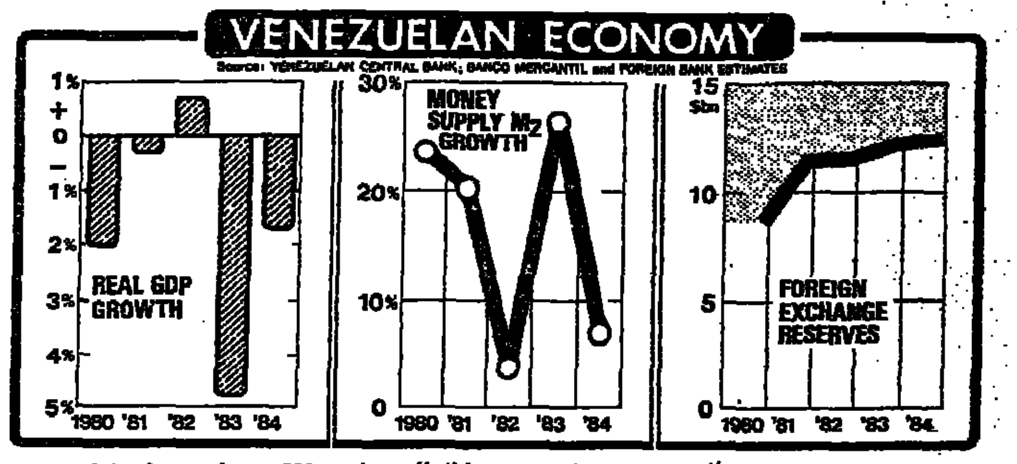
The point was echoed by President Ronald Reagan, who said in an interview that covert aid must continue, because the open supply to funds could be considered an act of war.

New methods of funding interest payments have cleared a way, reports **Peter Montagnon**

Bankers optimistic on Venezuela debt talks

VENEZUELA'S leading commercial bank creditors are to meet in New York today amid hopes that further progress can at last be made in drafting the legal documents needed to complete the rescheduling of some $20.75bn in public sector debt. *Agreement in principle* was reached on the rescheduling last September.

The climate for discussion became much more optimistic over the past month as Venezuela began serious efforts to deal with outstanding problems surrounding its $8bn private sector debt. Irritation over payment delays by the private sector led to the suspension in October of public sector debt rescheduling talks.



In December, however, the Venezuelan authorities began to permit a faster flow of interest payments on private *sector debt,* with about $80m paid out in that month alone. That increased flow is one of the main reasons behind hopes the rescheduling can at last be *put back on the rails,* though years of frustration in dealing with Venezuela have led bankers to continue to warn that further obstacles could still lie ahead.

For their part, the Venezuelan authorities point to three steps they have now taken to ease the logjam on private sector debt service payments.

● *First,* they have simplified and accelerated the procedures for registering private sector debt to determine whether it qualifies for the scheme whereby subsidised currency is made available for service pay*ments. The new procedures* were explained to about 200 foreign bankers at a seminar in Caracas last week where, bankers say, the reception was generally positive. About $6bn in private sector debt has now been processed under the scheme.

● Second, Venezuela has *launched a scheme whereby* La Electricidad de Caracas, a leading private sector utility with debts of just over $700m, and certain so far unspecified finance houses can buy zero coupon bonds in the U.S. to provide collateral for debt to foreign banks.

Under the scheme the borrowers are expected to reschedule this debt for at least ten years with the principal due in one lump sum at the end of the period.

They are allowed access to dollars to the value of the total principal at the subsidised rate of 4.3 bolivares per unit of *U.S. currency. But instead of* using all this money to repay their debt, the borrowers will buy U.S. Treasury-backed zero coupon issues at a purchase price equivalent to 30 per cent of the outstanding principal. Over ten years the value of these bonds will grow to match the full amount of principal *outstanding.*

That leaves the borrowers with a residual allocation of subsidised foreign currency amounting to 70 per cent of the principal outstanding, which can be used to meet current interest obligations. This is designed to reduce their effective interest burden and ease pressure on their local currency cash-flow from interest payments.

● Third, the authorities have indicated a willingness to deal with difficulties at Banco de los Trabajadores which has annoyed a number of leading bank creditors by failing to *meet its foreign currency obligations.*

The problem with this, as well as with the zero coupon scheme is that many bankers are still unsure exactly what will happen in practice. Renewed problems with the private sector could easily upset the rescheduling talks, *and* some bankers on the advisory committee chaired jointly by Chase Manhattan, Bank of America and Lloyds Bank International are still lukewarm about the chance of progress, even at today's meeting.

At best it could still take another six months before all the legal work on the rescheduling is complete.

Mexico, which adopted a similar scheme for its $48.7bn *rescheduling* has run into similar problems, producing draft documents which, in the words of one official, are "about one foot thick."

At today's meeting, bankers are likely to concentrate on completing what is known as the "term sheet," a simplified document setting out the basic principles of the rescheduling. If this is successful further intensive discussions are likely to start with a Venezuelan delegation headed by chief debt negotiator Sr Carlos Rangel in New York next week.

Those talks will also have to set a further extension of the current temporary freeze on public sector debt repayments, which expires on January 31.

One further factor helping Venezuela's case now is an economic performance in 1984 which turned out much better than expected. According to Sr Benito Raul Losada, the Central Bank Governor, the current account of the balance of payments was in surplus last year by $4.4bn, while currency reserves at the end of last year stood at some $12.4bn.

The decline in gross national product was confined to 1.7 per cent last year compared with nearly 5 per cent in 1983 and largely due to tight restrictions on th money supply, the rte of inflation during the first 11 months on 1984 was only 11.4 per cent.

This means that Venezuela now has a cushion of resources with which to reactivate its *economy without needing to* worry too muc habout a decline in the oil price.

That could help boost the confidence of creditor banks, but as one banker put it: "With Venezuela, the proof of the pudding really is in the eating, and we still haven't had much pud*ding yet.*"

El Salvador elections postponed

BY ROBERT GRAHAM,

THE AUTHORITY of El Salvador's President, Sr Jose Napoleon Duarte, has suffered a serious blow as a result of giving right wing political parties extra time to prepare for municipal and national assembly elections. The elections were due to take place in mid-March, but, as a result of *right-wing pressure, they have* been put back until March 31.

The change in the timetable is officially to permit alterations in the existing electoral laws.

However, observers and diplomats regard this as a thinly disguised means of permitting the right-wing opposition parties, led by the extreme nationalist Arena party to arrange coalitions.

The elections are of great significance to El Salvador and to the Christian Democrat president elected last May. Sr Duarte needs to win a majority in the 60 seat national assembly to carry out the political and social reforms he promised on taking office.

The assembly is controlled by a coalition of right-wing parties led by Major Roberto d'Aubuisson's Arena.

Last December Sr Duarte's efforts to veto parts of the electoral law preventing the formation of coalitions were overruled by the assembly. The matter is still before the Supreme Court.

The right's control of the *assembly also hinders* implementation of land reform and weakens the President's control of the armed forces.

The onset of the elections has already heralded an upsurge in violence. Since the beginning of January there have been nearly 20 politically motivated assassinations of public figures.

The prospect of elections and the strong resurgence of the right which has regrouped after its poor showing in the presidential elections, has dampened any prospect of progress in peace talks with the left-wing guerrillas.

Costa Rica to seek $75m from bank creditors

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

COSTA RICA is to seek a $75m (£66.9m) credit from its 235 commercial bank creditors as part of a new debt rescue package that also involves rescheduling of £150m in debt falling due this year.

Agreement on the basic terms of the package has been reached with the committee of leading creditor banks chaired by Bank of America which is due to circulate details of all creditor banks over the weekend.

The deal follows progress made by Costa Rica in its lengthy negotiations with the International Monetary Fund.

Mr Jacques de Larosiere, IMF Managing Director, is expected to submit proposals for a $55m one-year standby credit to the IMF executive board towards the end of February.

But Board approval of the IMF loan to Costa Rica will depend on adequate support from creditor banks for their own part of the package. The $75m credit will increase their exposure to Costa Rica by 6½ per cent of its level at June 30.

Additionally banks are expected to reschedule an unspecified amount of debt falling due next year.

WORLD TRADE NEWS

John Elliott in New Delhi describes the complex bidding for two aerospace contracts

How France combines its export talents

"THEY ALWAYS have better *information than we do,* not just in India but all over the world," says a senior executive of an international company that often finds itself in direct competition with French high technology concerns.

France has been adopting a persistent and aggressive approach in India on projects such as Airbus airliner orders, helicopter tenders and the telecommunications business.

Its tactics of combining all the talents of high-level political persuasion, diplomatic representation and commercial negotiation are well known. Its effective deployment of these skills does not surprise negotiators from other countries who have competed against the French elsewhere.

The sophistication of the French export effort in India is a source of envy to other exporting nations. However, a sense of piquancy has developed this week because of the sudden withdrawal from New Delhi of Lt-Col. Alain Bolley, France's deputy military air and naval attache. His departure comes just as India's biggest-ever spy scandal was breaking, it is speculated that this could affect the French export effort.

A characteristic of French success has been the careful balance and excellent timing of project and sales bids. Until her death nearly three months ago, Mrs Indira Gandhi, India's then Prime Minister, would be drawn into the net with a telephone call from President Francois Mitterrand of France on a specific contract.

The two most important current contracts involve the *French Aerospace industry* trying to overturn projects on the verge of finalisation for Boeing 757 airliners from the U.S. and Westland 30 helicopters from the UK.

Last June after long battles between Boeing and the French-based Airbus Industrie consortium, *Indian Airlines* the domestic operator, chose Boeing 757 aircraft. Air India, the international operator, opted for the Airbus A310-300ER. The orders are worth about $400m to $500m each, and financial packages including Eurobans, and possible leasing *arrangements for some of the* Air India Airbuses, are now being explored by the Indian Government.

Last May, just as Boeing seemed set to clinch the India *Airlines* deal, Mr Bernard Lathiere, president of Airbus, flew into Delhi and astounded officials by flamboyantly offering a bonus to the Indian Government of about $50m, if both airlines bought Airbuses.

That ploy failed and the Indian Airlines board opted for *Boeing in June. In August* it issued a letter of intent to Boeing and paid a deposit.

But the deal had still to go to India's Public Investment Board and Cabinet for final approval, so late in November, Airbus tried again. It said that if Indian Airlines would pledge to buy Airbus and guarantee not to buy Boeing, it would supply a completely new Airbus A320 in 1988 or 1989, depending on the choice of engines. (Earlier it had been offering the current A310-200 model.)

In the meantime it made an offer that meant its suggestion has to be taken *seriously*—it would lease Indian Airlines at no cost a mixture of perhaps three Airbus A300 aircraft and five or six Boeing 737S until the A320s arrived.

That offer is now being examined and on balance seems likely to be rejected. First, Mr Rajiv Gandhi, the Prime Minister and a former Indian Air*lines pilot,* is believed to have personally recommended the 757 order. Second, the 757, with about 200 seats, suits the airline better and is probably a better buy financially than the larger Airbuses. Its existing 737S with 120 seats, are too small for many of its busy routes. Third, Indian Airlines does not want to commit itself [illegible].

The other project involves Aerospatiale of France trying to stop the Indian Ministry of Defence and the Oil and Natural Gas Commission from concluding an £65m deal with Westlands of the UK for 21 Westland 30 helicopters to be used on the Bombay High offshore oil fields, and another six for use as Government "VIP" *transports.*

Throughout last year, Aerospatiale, which is offering the Dauphin helicopter, continually tripped Westland up in negotiations. It forced the British Government to raise its offer of aid grants from £50m to £65m so that the 21 gas field heli*copters are now being given* free to India. It also forced Westland to improve its commercial offers.

During the negotiations, Aerospatiale offered to make a *gift of the six "VIP" helicopters* and to provide 30-year loans at 2.5 per cent to cover half the cost of the gas field helicopters.

The contract was approved by the Indian Cabinet last August. But in November and December, just as the UK was falling from favour diplomatically with India because of the activities of Sikh extremists in Britain, Aerospatiale returned to New Delhi. It raised queries about the suitability of Westland's technology, and unsuccessfully suggested splitting the order. Now Westland's executives are returning to Delhi hoping to sew the order up quickly.

There are other examples of French expertise, notably in 1982 when its CIT-Alcatel won a major telephone exchange factory order, which had not even gone out to tender, against competitions from Siemens of West Germany and System X from the UK.

If France, which has reputedly been finding it harder to win contracts recently because of *high prices,* now runs into a little trouble, there will be a lot of negotiators from other countries who may sleep a little easier in the coming months.

Japan Air Lines orders Boeing 747s

By Michael Donne, Aerospace Correspondent

JAPAN AIR LINES has ordered three more Boeing 747 Jumbo jets, worth about $300m (£270.27m). This deal will bring total JAL orders for Jumbo jets to 53 aircraft, making it the world's biggest user of this type of aircraft. The 50th Jumbo for JAL is due for delivery next month.

The three aircraft ordered are for delivery in 1986. One of the aircraft is a high-density short-range aircraft for use on Japanese domestic air routes; another is a long-range aircraft, and the third an all-cargo jet.

Boeing now has a total order book for 644 Jumbos since the programme was launched.

Boeing has also announced two more orders for its short-range 737-200 twin-engined jet airliners, worth $36m. One is for Angola Airlines, and the other for Cameroon Airlines.

World-wide orders for the 737 now stand at 1,288 aircraft, of which 1,068 have been delivered.

Malta to buy furnace

BRITAIN'S Foster Wheeler Power Products will provide Malta's state-owned energy corporation Enemalta with a 60 KW coal-fired furnace costing M£6m (£10.7m) for installation at the island's central power station at Marsa, Godfrey Grima reports from Valetta.

British Alcan

BRITISH ALCAN yesterday denied that the delay in announcing a £7m contract to build the dome and caps for minarets for a new mosque in the Malaysian state of Selangor was because of political reasons.

According to the company, a letter of intent, or nomination, was issued in October 1983. "Much time since then has been spent finalising detail and supply arrangements. Our normal policy is always to release news of contractual arrangements when fully finalised and when physical progress is newsworthy."

A company spokesman added that no political implications were involved and that its relationships with the Malaysian clients were those of willing buyers and sellers.

Trademark holders in EEC may be able to destroy pirate goods

BY IVO DAWNAY IN BRUSSELS

HOLDERS of trademarks within the EEC may soon have the right to block, and possibly ultimately to destroy, counter*feit goods* attempting to cross Community frontiers.

The new measure, aimed at trade from countries outside the EEC, could later be extended beyond trade marked goods and include other cases of illegally manufactured goods and breaches of copyright law.

It comes in a plan announced yesterday by the European Commission which will now be pursued by EEC trade ministers. This proposes that trademark holders suspecting consignments of counterfeit goods are about to enter the Community will be able to apply to customs authorities *to impound them for 10* days.

During this period, the trademark holder would be allowed to prove his case. If the goods were found to be counterfeit they would be confiscated and "disposed of outside the normal channels of commerce." It is understood that this would involve financial loss for the importer and possibly the destruction of the goods concerned.

The Commission move comes in the face of growing concern among manufacturers and owners of intellectual copyrights, such as books and records, to the mounting international trade in counterfeit goods.

They allege that counterfeiting has not only hit genuine manufacturers through loss of sales and damage to reputation from phoney products, but in many cases has caused material or financial injury to buyers. The Commission sites as an example sales of fertilisers that have destroyed crops and helicopter parts which failed in use.

The EEC has joined the U.S. in pressing for firm action under the General Agreement on Tariffs and Trade (Gatt) to halt counterfeiting. The issue provoked major controversy at the annual Gatt contracting parties meeting in November when several less-developed countries argued that to bring rules on counterfeiting into the agreement would distract from the main task of shoring up existing Gatt areas of interest currently under-observed.

Supreme Court asked to clarify U.S. antitrust law

THE U.S. Justice Department has asked the Supreme Court to make clear that companies abroad can put forward a "sovereign-compulsion" defence in antitrust lawsuits, when they are compelled by their governments to accept restraints limiting their export competition in the U.S. market, AP-DJ reports from Washington.

Referring to a 14-year-old civil antitrust lawsuit against Japanese television manufacturers that was filed by Zenith Radio Corporation and others, the Justice Department asked the Supreme Court to overturn a U.S. Court of Appeals decision.

The Appeals Court in Philadelphia, the department said, had disregarded the explicit assurances of the Japanese Government that it had required Japanese companies to accept a "check-price" agreement and other restrictions involving their export of TV sets.

"The Japanese Government and other important U.S. trading partners have read the Court of Appeals' rejection of the sovereign-compulsion defence in this case as indicating that the imposition of voluntary restraints by foreign governments can readily subject the foreign companies involved to burdensome litigation and possible treble-damages (under U.S. antitrust laws) in this country," the Justice Department advised the Supreme Court.

The Justice Department brief also argued that if the Appeals Court decision in this case is allowed to stand, other governments "understandably may be reluctant to accommodate proposals by the U.S. to resolve trade controversies by the imposition of voluntary restraint agreement on their own manufacturers."

NTT rejects U.S. satellites

JAPAN'S domestic telephone monopoly, Nippon Telegraph and Telephone Public Corporation (NTT), has rejected a request from the U.S. that it buy U.S.-made telecommunications satellites, Reuter reports from Tokyo.

NTT officials quoted Mr Hisashi Shinto, the NTT president, as telling Japanese reporters Wednesday that it would be difficult for the state-run corporation, due to be privatised in April, to buy U.S. satellites.

Mr Shinto cited financial problems and the Japanese Government's space development plans which call for Japan to build its own satellites.

Two days of trade talks between U.S. and Japanese government officials start here next Monday.

The U.S. is expected to urge Japan to increase imports of U.S. goods, including satellites, to reduce the massive U.S. trade deficit.

MINOLTA OF JAPAN AIMS AT TOP OF MARKET

Ultra-fast focus camera launched

BY ELAINE WILLIAMS

THE JAPANESE camera company which introduced the world's first talking camera has *now launched a camera* which can focus automatically even in the dark.

Minolta, which is number two worldwide in single lens reflex (SLR) cameras with 16 per cent of the market, has spent £14m on the development of the 7000 over the past four years. It is *the first camera of this type* to be able to focus accurately over any distance.

Crammed with sophisticated electronic circuitry, it is lightweight and can focus faster than its human owner. It goes on sale next month at a cost of nearly £300 in Britain.

Canon, the world's leader in the SLR market, is expected to launch a rival, but more expensive, camera in three weeks' time. This reflects the cutthroat competition for market share in this sector of the market and the small difference in technology between leading equipment makers.

Minolta hopes that its camera *will stem the decline in sales* at the top end of the photographic equipment market—35mm single lens reflex types which sell for more than £200.

The photographic equipment market has been hit in recent years by the video recorder and home computer booms. The SLR sector has also been affected by sales of 35mm compact cameras which produce good quality pictures, are fully automatic and cost, on average, less than £100 and do not offer the hope of extra sales in the form of camera accessories as SLR cameras do.

In Europe sales of SLR cameras have declined from a peak of 2.7m units four years ago to only 1.7m while compact cameras have grown by 30 per cent. Britain's sales have remained stagnant at about 500,000 cameras a year.

Worldwide the decline has accelerated over the past two years with only 6m SLR cameras *sold in 1984 compared with 7m* in 1983. The figures for compact cameras grew from 7.5m units to 10m in the same period.

Cameras costing more than £200 is the one sector of the SLR market which is growing in importance. In 1983 it accounted for only 3 per cent of the SLR market but is forecast to represent 15 per cent by value this year.

The 7000 model is crammed full of *the type of electronics* you would find in a home computer or video machine. It has two tiny computers and six other complex silicon chips — adding up to the equivalent of more than 150,000 transistors.

These control all the camera's *functions* — metering, present*ing information to the user,* programme modes, memorising film speed and frame numbers.

Micro-wave sales up 30%

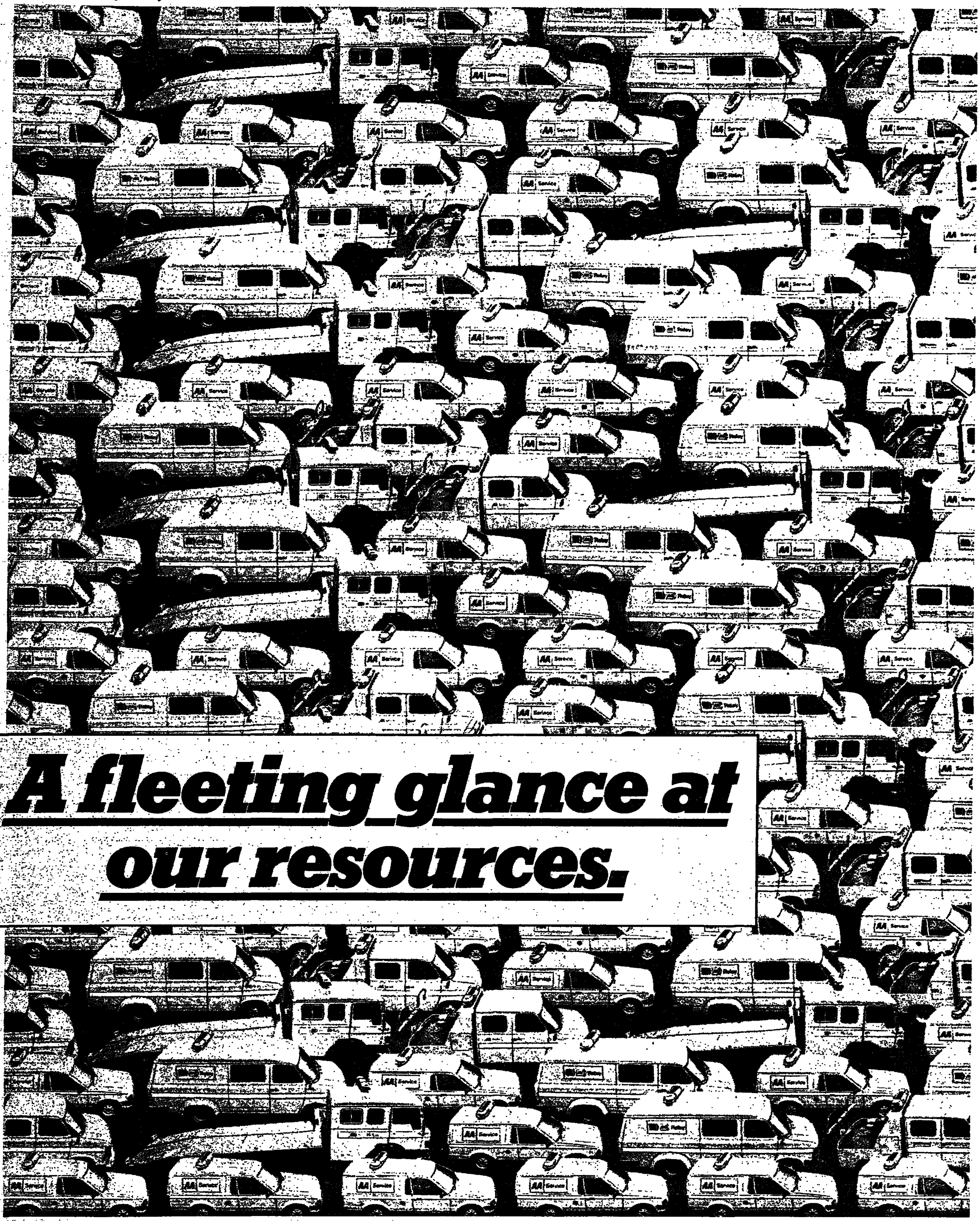
By John Wicks in Zurich

THE WORLD market for microwave ovens reached some 12.3m units last year, according to estimates prepared by the Litton Industries Group. This represents an increase of as much as 30 per cent over the 1983 figure.

Sales jumped even more rapidly in Western Europe, says the Litton report, rising by about 60 per cent during the year to 1.6m units, compared with some 950,000 in 1983. Of this total, around 1.2m were accounted for alone by Britain.

In West Germany, sales expanded by 40 per cent to 200,000, though the company claims the real breakthrough on this national market lies in the future. The same is seen as applying to France, where sales rose 60 per cent to about 80,000 ovens, and elsewhere in Europe.

The U.S. where Litton Industries is one of the three main suppliers of micro-wave ovens, remains by far the biggest single market — 8m were sold last year.



UK NEWS

Surcharges 'unlikely' on Cunard cruises

CUNARD, the cruise shipping line, said that despite sharp changes in the sterling/dollar exchange rate, surcharges are "most unlikely" for the coming year, even for passengers paying in pounds.

This could result in significant differences between the price Britons and Americans pay for the same cruises.

Cunard in New York quoted prices between $1,690 and $2,469 for transatlantic crossing this year using QE2 one way and Concorde aircraft the other. The London quote was between £1,315 and £1,480, including to or three nights at the Waldorf-Astoria hotel.

Price differentials for Cunard cruises are not unusual as the line's policy has long been to charge the local market rate. The no-surcharge undertaking applies to the QE2 and other ships of the Cunard fleet.

□ **GRANTS** totalling £226m have been made to the UK from the European Regional Development Fund. They are intended to create 13,700 jobs. A total of £172m has been set aside for infrastructure projects and £54m for the industrial and services sector.

□ **BRITISH SHIPBUILDERS** looks set to win a £40m order to build a large passenger and freight ferry for the North Sea. The ship will be one of two ordered by North Sea Ferries and is expected to be built at the Govan yard on the Clyde.

□ **UNIONS** in the motor industry are to make fresh attempts to persuade the Government to impose selective import controls on vehicles and to increase the UK-produced content of British cars by weight instead of value.

□ **MR** Christopher Pole-Carew, one of the most controversial figures in the British provincial press, has left his job as managing director of T. Bailey Forman – a post he has held since 1971. The company said he had left by "mutual consent."

□ **DEFENCE SECRETARY** Mr Michael Heseltine has ordered a near-total ban on recruitment to the Ministry of Defence in an effort to reach a new civilian manpower ceiling of 174,700 by April 1. The ban is to last until the end of March when it will be reviewed. According to a Defence Ministry spokesman, only staff in the MoD's police and other security posts are exempt from the recruitment restrictions.

□ **FUNDS INVESTED** in UK authorised unit trusts rose to a record £15.1bn at the end of 1984, the Unit Trust Association reported. Sales of units also reached their highest level at £2.92bn. But investors cashed £1.48bn worth of units, half as much again as in 1983, and this reduced net investment in unit trusts below the 1983 level to £1.44bn.

□ **THE GOVERNMENT** has rejected a plan to site an underground nuclear waste dump at Billingham north-east England, following fierce local opposition. It has urged the nuclear industry to improve methods of waste disposal, and the industry is to widen its search for new sites, possibly below the bed of the North Sea.

□ **THE CLOTHING** industry has warned the Government that if value-added tax is put on children's clothes it could result in the loss of 10,000 jobs within the industry and higher imports.

□ **THE MANNING** dispute which has left Southampton's container port idle since October 20 ended yesterday when workers voted to accept a peace agreement. It gives the employers, Associated British Ports, most of the efficiency changes sought.

□ **SALES** of motor-cycles and mopeds in the UK fell last year by a further 18 per cent to 143,748, confirming the industry's worst fears of a steep decline for the fourth consecutive year.

□ **LAURA ASHLEY**, clothing and household textiles manufacturer, is to expand clothes production with the opening of a factory in Wrexham, North Wales, by September. The plant will employ between 200 and 240 people.

□ **BRITISH ALCAN** Sheet is to invest a further £4.4m in its aluminium rolling operations at Rogerstone, South Wales, and Falkirk, Scotland, over the next 12 months.

Austin Rover sets up new technology centre

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

AUSTIN ROVER, BL's cars company, is pushing through "a technological revolution" that will put the computer at the heart of the business from design through manufacturing to marketing, Mr Andy Barr, managing director operations, said yesterday.

He was speaking at the announcement of a joint £5m venture with Warwick University to establish an advanced technology centre over the next few months.

The centre would help with implementation of Austin Rover's already well-advanced "integrated technology strategy," under which a master computer will provide the common database to guide design and production, including operation of the robots and automated flexible manufacturing systems.

Austin Rover has already invested more than £50m in computer terminals and software and is continuing to spend at the rate of £10m a year. Nearly 100 of the company's components suppliers have been brought in for discussions to urge the use of compatible computer-aided design and engineering systems.

Mr Barr stressed the importance of the integrated strategy – a concept introduced by the company four years ago. Austin Rover, with capacity to manufacture 750,000 cars a year, had to compete with multinationals assembling millions of vehicles.

"The technology of computers, robots and flexible manufacturing systems are merely enabling devices," he argued. "Crucial to our success is that the whole management structure is imbued with the concept so that we have total flexibility and can move quickly to take advantage of technical changes."

For Austin Rover, dedicated machine tool lines were disappearing fast. "In their place, we have to have computer-driven manufacturing devices and systems to permit the medium volume manufacture of parts and assemblies at efficiency levels equivalent to high-volume mass production."

Austin Rover is not alone among car assemblers in the move to computer-integrated manufacturing. General Motors in the U.S. has embarked upon the same route.

But Mr Barr argued that, while Austin Rover may lack the resources of the giants, its small size ought to enable management to respond more quickly to market demands.

The new centre, to be staffed by a team of around 40 scientists, will carry out research not only for Austin Rover but also for other companies on a contract basis.

Mr Harold Musgrove, Austin Rover chairman and chief executive, said the centre provided an opportunity for the company's suppliers also to become involved in the new technology.

Toshiba head joins ICI board

BY TONY JACKSON, CHEMICALS CORRESPONDENT

ICI has appointed Mr Shoichi Saba, the president and chief executive officer of Toshiba, the Japanese electronics company, to its main board as a non-executive director. This is thought to be the first such appointment to be made by a British company.

The step is significant for ICI for several reasons. The electronics industry is seen as one of the most promising growth customers for the chemicals industry. In addition, ICI, like other European chemicals producers, has recently been active in broadening its activities overseas.

Mr John Harvey-Jones, ICI's chairman, said: "We look forward to having the views and advice of such a distinguished Japanese businessman with long experience in the high-growth markets of the world in which we are determined to expand."

From ICI's viewpoint Toshiba has a usefully wide spread of interests. Almost 30 per cent of its turnover is in consumer products such as video recorders, a further 10 per cent in semiconductors and the remainder in industrial electronics products.

ICI is the leading European producer of video tape base, but even in European markets is overshadowed at present by Japanese producers. Although the group has four joint-venture companies in Japan and one wholly-owned trading company, its involvement in Japan is still minor in group terms.

Chemicals analyst Mr Stuart Wamsley of brokers W. Greenwell said: "The link clearly makes sense from both sides. In computer components and high-tech polymers the Japanese are a long way behind everyone else, but they know what they want and how to get it. For ICI, a link with one of Japan's big, thrusting electronics producers could give it a big new foothold in the Japanese market."

In 1983, ICI's sales to the electronics industry were about $50m – meagre in group terms, but growing rapidly. Besides consumer electronics, the group aims to expand in the area of semiconductors

Although Japanese outside directors have been appointed by U.S. companies in the past, ICI may be the first British industrial company to have done so.

Mr Saba will be joining a distinguished band of six non-executive directors at ICI. Listed in the latest annual report are Sir Arnold Hall of Hawker Siddeley, Sir Alex Jarett of Reed, Sir Patrick Meaney of Rank, Sir Jeremy Morse of Lloyds Bank and Lord Thomson of the IBA.

Iveco predicts steep rise in truck prices

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE REAL cost of trucks will rise steeply again this year, Iveco UK, the Fiat commercial vehicle subsidiary, warned yesterday.

The cost of trucks below 16 tons rose in real terms by about 10 per cent last year and buyers paid at least 7 per cent more for those over that gross weight, according to Iveco.

A similar rise must be expected in 1985, Mr David Gill, the sales and marketing director, said.

He pointed out that, in order to reduce the vast losses suffered by much of the industry, manufacturers have been pushing up list prices much faster than the average rate of inflation: for example, by 10.5 per cent last year for six-tonne trucks and by 8.3 per cent for 7.5 tonners.

At the same time, producers have been cutting back the discounts they have been willing to give. Mr Gill quoted one example of a heavy truck manufacturer which was offering 14 per cent discounts at the end of 1983 but had cut this to 5 per cent by December 1984.

Discounts would continue to be wound back this year – but not to the same extent as in 1984.

He maintained that this year the truck-makers would take advantage of the fact that in Britain a large number of trucks currently on the road needed replacing and that companies would be in the financial position to replace them.

Supply and demand was also more or less in balance as the big stocks of trucks had been whittled away, Mr Gill said.

Iveco estimates that total heavy truck sales (over 3.5 tonnes gross weight) in the UK will rise from last year's 52,821 to between 58,000 and 61,000 in 1985, the final figure depending on the outcome of the miners' dispute.

Appeal for information technology ministry

By Raymond Snoddy

A LEADING multinational electronics company yesterday urgently appealed to the Government to set up a separate Ministry of Information Technology (IT).

Mr David Baldwin, managing director of Hewlett-Packard, said that action was necessary if Britain was ever to realise its full potential in an industry that was now the main vehicle of industrial change.

Britain needed a much sharper focus and commitment to IT, he said, as he announced that the turnover for Hewlett-Packard's UK operations rose by 44 per cent to £293m in the year to October.

"The Government is not able to make its impact strongly enough the way we are structured at the moment," Mr Baldwin said.

A Ministry of IT needed to be accompanied by a reorientation of the educational system more towards science and engineering," he added.

Mr Baldwin suggested that the problem of Britain's growing trade deficit in IT products and lack of necessary skills needed urgent attention.

The resolution of such a complex problem lay somewhere between industry and government and inevitably involved financial commitment on a substantial scale.

Mr Baldwin appealed to the Government to encourage non-UK-owned multinational information technology companies to invest in Britain.

The Government should weigh carefully, however, the contribution such companies made to the UK economy. In particular, there should be a balance between sales and marketing, research and development and manufacturing and local procurement.

There was a danger that the phasing out of capital allowances might make a difference in the decision of foreign companies to locate in the UK.

Hewlett-Packard had a record year in the UK. Pre-tax profits rose by 41 per cent to £17.6m.

U.S. drug makers warn on UK investment plans

BY CARLA RAPOPORT

TOP EXECUTIVES from some of the largest U.S. drug companies said yesterday that the business climate in the UK had been "deteriorating rapidly" and threatened plans for future investment in Britain.

The executives, from American Home Products (AHP), Eli Lilly and Pfizer and the U.S. Pharmaceutical Manufacturers' Association (PMA) recently met Mr Kenneth Clarke, Health Minister, and Mr Norman Fowler, Secretary of State for Social Services, in London to give their views on the Government's plans to restrict drug sales and profitability this year.

It is understood that the Americans met with a cool reception from Government officials. The PMA claims that the U.S. drug industry accounts for 40 per cent of the sales to Britain's National Health Service (NHS). Although the UK accounts for only 10 per cent of the U.S. industry's international sales, it receives 72 per cent of its international research and development expenditure.

It is this level of expenditure that is now threatened, according to the Americans. The group, which included Mr John Stafford, president of AHP, and Mr Bob Neimich, vice-president of Pfizer, asked the ministers to postpone their plans for a restricted list of drugs available under the NHS and a further reduction of drug companies' profits pending consultations with doctors and drug companies.

Britain accounts for 91 per cent of American drug companies' investment in Europe, the group stated.

Calling the new proposals "ill-advised," the group said it was ready to "consult with the Department of Health and Social Security to identify means of maintaining the costs of the NHS within the funds available" without jeopardising the investment climate in the UK. One of these measures would be to reduce the number of patients exempt from prescription charges.

DCL closes 10 whisky distilleries

BY LISA WOOD

THE DISTILLERS Company (DCL), Scotland's largest whisky producer, is to mothball 10 of its 34 malt whisky distilleries with a loss of some 180 jobs out of a total of 900 in the division.

This is the second wave of closures by DCL's Scottish Malt Distillers subsidiary, which closed 11 of 45 distilleries in 1983. At the same time, the group closed one of its five grain distilleries, making a total job-loss of 530.

The 10 distilleries, which mainly supply malt for blending with grain whisky, will now cease production on March 31. They are mainly in Speyside and north-east Scotland. In addition, part of two other distilleries will cease production while two plants which make cattle food from byproducts will close.

DCL said yesterday that the remaining 24 malt distilleries would be working to higher levels of production with an extra four weeks work in the year. For the last four years Scottish Malt Distillers have operated short-time working with a four months "silent season" when production stopped.

The closures are a further attempt by DCL to bring stocks more into line with demand in an industry which laid down excess stocks in the late 1970s when domestic and export sales peaked. Since then, demand has fallen by about 15 per cent although there is now a faint indication that the decline has halted and there could be growth in the long term.

The most recent casualty in the industry was Tomatin Distillers, Scotland's largest independent producer of malt whisky which announced in December it was going into liquidation.

The Scotch whisky industry is estimated to be working at about 40 per cent of capacity.

Trying to give the haggis a new image

By Mark Meredith, Scottish Correspondent

FOR THE FIFTH time within a year a pickaxe smashed a hole in the plate glass display window of Charles Macsween, haggis-maker extraordinary, clearly his new line in vegetarian haggis had failed to pacify an animal rights activist.

As if this was not enough, right in the middle of the rush of orders that precede tonight's Burns' Night celebrations, a high point of the Scottish calendar, Mr Macsween's portioning machine was acting up by producing under or overweight haggis.

With a 100 tonnes annual turnover in haggis, such problems could be enough to dishearten any Scottish butcher, but not Mr Macsween, who has an even greater problem on his mind: overcoming the image crisis for haggis. At 45, this affable manager of an Edinburgh family business has become something of a standard-bearer for Scotland's indelicate delicacy, which is made of sheeps' innards mixed with oats and seasoning wrapped usually in a piece of ox intestine or more recently in plastic.

Among the problems that Mr Macsween would like to overcome is the ban on this type of packaged food entering the U.S. and Canada. Haggis smuggling is rife, however. A woman with a consignment in her luggage was recently caught only by a metal detector picking up the clasps used to seal the haggis at either end. She later asked for string-tied haggis for her next attempt to penetrate U.S. Customs.

The Americans, therefore, have to make do with haggis in cans, a distasteful compromise, according to Mr Macsween, who reckons that were the Customs barriers not there, he could close his shop and concentrate entirely on the U.S. and Canadian market.

As it is, he is engaged in a highly unusual marketing exercise: you can search in vain for the Tripe Marketing Board in the telephone directory, he points out. One answer lies in the packaging of the product. "It's a bit like a bar of soap. Give someone a bar of soap and they are insulted. But put it in a pretty wrapper and it is a welcome present."

Macsween's is heavily into packaging. The Tartan boxes with pictures of the bard, Robert Burns, and his famous poem "To a Haggis," are for the gift market and the tourist. Scots' anxiety about overdoing the tartan and heather are cast aside in the interest of this national dish.

Haggis miniatures – about a quarter pound of haggis – show considerable potential for various Scottish public relations promotions, according to the enthusiastic Mr Macsween.

Fundamental is the quality gap facing haggis. Like another vital Scottish product, Scotch whisky, second-rate stuff is giving the product a bad name.

"There is a lot of bad haggis about," says Mr Macsween, but he refuses to name names. Some butchers, defying all standards, put the ingredients of black pudding into haggis. Others are putting other unmentionable leftovers into the mixture as well, accounting for a wide variety of tastes. "Some of them are just...."

"The important thing for haggis is that it must always taste the same." Consistency is paramount at the shop in south Edinburgh where sheepskins, shortbread and cheese are sold along with haggis and a selection of meat.

Over-diversification within butchers' shops, however, has harmed the reputation of the product. Too little attention is paid to haggis when it is a sideline to the regular fare of beef joints and pork chops, Mr Macsween prides himself on being a haggis-maker first and butcher second.

Another objective of his marketing exercise is to even out the unmanageable peaks and troughs in demand. Around September, production is stepped up for a volley of orders, first in November for St Andrew's Day then at New Year for Hogmanay celebrations and now for Burns Night when a haggis is compulsory.

Fortunately for Mr Macsween, Burns' Night has become a somewhat flexible feast, with celebrations starting early in January. Specialist after-dinner speakers famed for their eloquence in reciting Burns are so rare that dinner dates must fit in around them.

The Rev James Curry of Kilmarnock, for example, can hardly be found at his manse in Kilmarnock for weeks from the turn of the year onward because he is solidly booked for his Burns supper speeches. He is due back shortly from a series of Burns suppers in Saudi Arabia – and is said somehow to have managed 46 Burns suppers in one month. Demand is so great that compromise Burns lunches are occasionally held. At the end, the Church of Scotland minister scurries on to yet another haggis and yet another speech to "the immortal memory."

TECHNOLOGY

EDITED BY ALAN CANE

EMBRYO TRANSPLANTS COULD REPLACE ARTIFICIAL INSEMINATION

Calves 'settle in'—in the womb

BY PETER MARSH

THE FORTUNES of a herd of pregnant Egyptian cows are bound up heavily with the scientific expertise of a small British company specialising in embryo transfer.

The animals, at a farm run by the Egyptian Government near Cairo, have received embryos from European Holstein cows selected by International Embryos of Banbury.

If all goes to plan, over the next few months the cattle will give birth to calves that exhibit all the useful milk-producing characteristics of the European animals.

As the embryos will have been growing prior to birth for 10 months in the wombs of the Egyptian animals, the calves should pick up from the blood stream of their surrogate mothers some of their resistance to disease. The adult cows will transfer more antibodies to provide this resistance during the suckling stage immediately after birth.

This will avoid the problem often encountered by livestock that are shipped from developed countries to the Third World only to find that conditions in their new homes are far from their liking.

According to International Embryos, the principle of shipping embryos around the world could replace the widespread practice of artificial insemination of cattle. In this, semen from a prize bull fertilises the ova of a cow. The embryo that results continues to develop in the uterus of its real mother.

The drawback is that, with artificial insemination, the genetic composition of the calf that evolves is only partly attributable to the bull. The young animal will also have characteristics that come from its mother—which may be far from what the animal breeder requires.

With embryo transfer, a scientist has the chance to select the perfect parents for a calf. For an animal breeder in the Third World, such animals could be specific types that grow vigorously (to produce beef) or give plenty of milk.

Embryo transfer has developed most heavily in the U.S., where about 100 companies sell cattle embryos. The companies include Granada, Carnation and Ovatech. The total world market for this activity is an estimated £50m.

Much of the theoretical basis for this work has been developed over the past 15 years at the Institute of Animal Physiology in Cambridge, part of the UK Agricultural and Food Research Council.

International Ebryos says it can select the right match of parents from breeds of cattle all over the world, not just those from European countries. The added bonus is that the young animal that results from the process has a certain amount of disease resistance to add to the useful genetic traits.

According to Mr Randal Charlton, marketing director of International Embryos, the practice that his company is attempting to pioneer could greatly increase the ability of countries in the Third World to produce food in the way of meat from animals. "We have the power to transform at a stroke the characteristics of the livestock of a country."

The cattle near Cairo became pregnant as a result of a deal struck between the Banbury company and the Egyptian Government. In this, International Embryos shipped out from the UK 1,000 microscopic embryos each comprising just a few cells.

The embryos resulted from artificial insemination of Holstein cows with semen from prize bulls. The cows received hormones so that each one produced up to 10 fertile eggs.

After about four days in the wombs of their natural mothers, the embryos were flushed out with a fluid and packed into flasks filled with liquid nitrogen at −193 deg C. From here, the sets of cells were flown to Egypt for impregnation (after thawing) in the wombs of their surrogate mothers.

The implanting of Egyptian cows with embryos of European strains will give calves immunity to local diseases but the milk producing characteristics of European cows

International Embryos was formed last year with backing of £750,000 from investors such as pension funds. Mr Charlton formed the company with a long-time colleague, Mr Mike Leyburn. Both had worked for the Milk Marketing Board before forming, about 15 years ago, a company called International Livestock Services. This specialised in shipping European cattle to Third World countries for breeding.

But the pair found that the practice often had poor results—mainly because the European cattle reacted to the heat of their new homes and either became sickly or died.

What is more, transferring live animals around the world is expensive. Mr Charlton says that to load a Boeing 707 with cattle (such an aircraft can hold 77 Holsteins) and send it to Egypt costs £28,000.

"I can achieve much better results by flying out with 20,000 embryos in a flask the size of a suitcase. I don't even have to pay excess beggage."

With current techniques for freezing the embryos between the UK and their destination, only about 50 per cent of the embryos survive the rest of the pregnancy. International Embryos is examining modifications to the process to increase this proportion.

Besides the contract with the Government of Egypt, the company is doing similar work with state organisations in Malaysia and India. It has a contract with a private farmer in the Philippines and is negotiating deals in Canada and India.

The company charges its customers between £200 and £1,000 for each embryo that is transferred successfully and produces a perfect calf. Last year it obtained contracts worth about £2m, according to Mr Charlton.

The company, which has a staff of 35, has a research base on Warwick University's science park near Coventry. It is liaising with biology researchers at the university on new genetic techniques for producing clones of animals or "cross embryos" that contain genetic characteristics of different species of animal.

So far all the company's commercial work is confined to cattle. But it is considering extending its embryo transfer ideas to pigs and sheep.

PHARMACEUTICALS

Anti-cancer drug with fewer problems

A NEW anti-cancer drug is to be introduced in Britain early next month by Erbamont, the pharmaceuticals subsidiary owned jointly by Italy's Montedison group and Hercules of the United States.

The new drug, to be used in chemotherapy treatment, is called Epirubicin. It is designed as the successor to the widely sold Adriamycin, which last year had global sales of $200m. Both Adriamycin and its successor are members of the Anthracyline family, used in the treatment of solid tumours and lymphomas.

According to Erbamont, the Epirubicin treatment involves fewer side effects such as vomiting and loss of hair or teeth. Erbamont describes the new drug as "less toxic and more effective" than its predecessor.

Epirubicin has been approved by the British health authorities and is already being sold in West Germany, Italy, Argentina and South Africa. The U.S. Food and Drug Administration (FDA) has yet to approve Epirubicin.

Adriamycin, which Erbamont says may gradually be phased out if the successor is favoured by physicians, was launched in 1970 and is among the more popular drugs in use in chemotherapy treatment, particularly in the United States.

Erbamont, based in Milan, is 15 per cent owned by Hercules, the U.S. chemicals group. Montedison controls 70 per cent of the shares and a final 15 per cent is quoted publicly on the New York stock exchange.

ALAN FRIEDMAN

ACCOUNTANCY

Synergy in software

ON THE surface, Synergy accounting software looks like most other packages of its kind—the individual modules are nominal ledger, purchase ledger, sales order processing and so on.

But it incorporates a number of sophisticated features that are uncommon even in leading edge software let alone what appears to be a bread-and-butter business package.

Only 12 months ago, many of the innovations written into Synergy were not available as commercial options. There is, for example, user interrupt.

This means that if the user wants to look at one file while using another, he or she simply presses a single key to hold the first activity "frozen" while the computer is busy with the second. It sounds an obvious utility, but it is still rare in professional microcomputer software.

Furthermore, the package will incorporate third party software to some extent and run it as if it was a Synergy module. Wordstar, for example, could be run under Synergy to provide word processing. Lotus 1-2-3 could be run to provide analysis and prediction and words and figures can be swapped between the different modules.

Most remarkable of all, although Synergy runs under the PC-DOS operating system on on the IBM Personal Computer and lookalikes, it will also run PC-DOS as a Synergy module, so making it possible to run IBM software.

The secret is the way the program interacts with the operating system.

It costs around £500 and will run on a 192 or 256 K microcomputer with a hard disk.

Synergy is marketed under an interesting "Licence to Copy" agreement which makes it possible for their customers to use and modify the software as it it was their own. One of the first companies to take Synergy on these terms is Lada Cars.

Synergy was developed by Paul Fernley of Ram Computer Services on 0274 736455.

Communications

Office data networks

NEWTONS LABORATORIES, which has been designing and manufacturing multi-user microcomputer systems in London for over five years has launched FastNet for up to 16 users.

Each user has his own micro based on dual 8088 and Z80B processors, as well as direct access to a powerful 32 bit MC68000 machine which controls the network. There is flexibility in the choice of languages, operating systems CP/M or MS/DOS and packaged software, with concurrent running on the same system.

Direct access to the 68000 processor, with its optional floating point co-processor, also means that the same terminals can run powerful scientific computing programs written in high level languages like Pascal.

The network can support up to 1200 megabytes on hard disk storage and can communicate with other computers over telephone lines if necessary. More on 01-874 6511.

Programs

Information transfer

DATAPORT, the Tring, Herts, data capture specialist, has developed a software package that allows fast and convenient data transfer between the company's hand-held terminals and the IBM personal computer.

Dataport's M62 and M65 hand-held micros are for use away from the office and can perform tasks like order entry, delivery and despatch recording, market research and job costing.

The terminals can be pre-loaded directly from the PC with information such as expected stock levels or research questionnaires using a cable supplied with the package. After use, the user, simply plugs into the PC for processing and storage. More on 044282 6634.

Dentistry

Record computers

DENTRON, a London company that makes computer systems for dental surgeries, plans to sell later this year a new set of hardware produced under its own design.

The company has sold about 100 systems to British dentists over the past three years. The equipment, based on a Minstrel microcomputer made by a British firm called HML, sells for £7,000 to £25,000 depending on its sophistication and number of terminals.

With the system, a dentist can keep track of patients' records and appointments. The hardware can also store data about technical advances that may help the dentist in treating people's teeth.

The company says it has under development special-purpose electronic hardware based on a computer of its own design. This, says Dentron, will have a better performance than the current system. It will release more details later in the year.

Energy

Conservation in China

CHINA is trying to improve its work in energy conservation and has helped the order book of a British company. Kane-May, based in Welwyn Garden City, is supplying £1.25m worth of combustion analysers for monitoring the temperature and composition of boilers flue gases and digital infra-red thermometers for measuring heat sources.

China has about 200,000 boilers, mainly coal-fired, in factories, hospitals, hotels and municipal buildings. Most of the orders will be assembled locally.

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INTERNATIONAL NEWS

Tom Burns reports on the big boardroom shake-up at Spain's third largest bank

Non-banker moves in at Hispano Americano

SPAIN'S top drawer bankers are putting a brave face on the events of the past week. They know better than anyone that the appointment of Sr Claudio Boada as the new chairman of Banco Hispano Americano, the country's third largest bank, marks something of a watershed.

Sr Boada's resignation as head of the state emergency agency, the Instituto Nacional de Hidrocarburos, has now been approved by the cabinet. The way is clear for him to be formally invested chairman by the Hispano Americano board in place of Sr Alejandro Albert who resigned at the weekend on the grounds of ill health.

Sr Boada's appointment looks the final act in a drama that started in earnest last December when Sr Albert was forced to take what in Spanish banking circles was the unprecedented step of passing dividends in order to devote Hispano Americano's entire Pta 25bn ($143m) 1984 trading profit to a rescue operation for its ailing wholly-owned subsidiary, Banco Urquijo-Union.

There are obvious differences between the outgoing and incoming chairmen. Sr Boada, aged 64, is 15 years senior to Sr Albert and has spent almost all his career in a succession of public sector jobs. His managerial skills have brought him top industrial postings both under Francoism, when he was head of INI, the state holding company, and under the present Socialist administration.

Sr Boada's only direct spell with banking was in the 1970s when he was briefly deputy chairman of the Banco de Madrid, a small institution which was an early casualty of Spain's banking crisis.

Sr Albert, by contrast, had spent 20 years in the Hispano Americano group being groomed for high office. He was usually portrayed as a banker's banker, innovative and popular with foreign bankers in particular.

What is not lost on the Madrid banking community is that a tough outsider has been brought in to shake up the Banco Hispano Americano. It was not so much the Hispano Americano board which co-opted Sr Boada, but the Bank of Spain, the country's central bank, which virtually imposed him.

Throughout the painful process that has lead to Sr Albert's succession the monetary authorities of the Bank of Spain have had the whip hand, marking at every stage the pace of the Hispano Americano crisis.

It emerges that Sr Albert originally sought to retain his presidency of the bank, but to have at least a month and a half off for medical treatment. This was unacceptable to the Bank of Spain which was anxious to settle the terms for aid to the Hispano Americano. In this respect Sr Albert's resignation, on the grounds of ill health, was forced on him.

Sr Albert had the key support of the Bank of Spain when he was promoted to chairman in 1983. This backing owed much to Sr Albert's willingness to have Hispano Americano absorb the ailing Banco Urquijo. Sr Albert appears to have lost the confidence of the monetary authorities for failing to streamline the Urquijo.

It was the Bank of Spain and notably its Governor, Sr Mariano Rubio who forced on Sr Albert the decision to pass Hispano Americano's dividend. Sr Rubio demanded the move as a preliminary gesture before embarking on negotiations for more aid to the Hispano group.

The Hispano Americano succession process, played out publicly against a background of banner national headlines, is as irksome to the Spanish banking community as it would be to bankers anywhere. It would have much preferred Hispano Americano to replace its chairman in the privacy of its own boardroom.

Candidates for the job were suggested on the business pages of the daily press and their suitability for heading the Hispano Americano was assessed in relation to how well they got on with the Finance Ministry and the Bank of Spain.

Sr Boada will negotiate the rescue of Hispano Americano. Coming in from the outside, he can be expceted to make a number of sweeping changes among top management. That will be part of the price that the monetary authorities will demand.

It is suggested that Sr Boada will be prepared to ask for considerably less aid than Sr Albert and his team were seeking. The outgoing chairman wanted at least Pta 35bn. Sr Boada's terms are expected to come closer to Pta 25bn of which most, if not all, will be indirect aid.

If there were any doubts as to who calls the tune in Spanish private banking, these have been dispelled by the Hispano Americano saga. The so-called bi gseven group of the Spanish banks were apparently willing, but powerless to help out their peer.

Sr Claudio Boada, Banco Hispano Americano's new chief who is expected to make top management changes.

Australian transport groups find new routes to expand

BY LACHLAN DRUMMOND IN SYDNEY

AUSTRALIA'S VAST distances and the task of shifting goods between ports and pockets of production to population centres has spawned three of Australia's leading public companies.

The three, Thomas Nationwide Transport, Brambles Industries and Mayne Nickless, in their past 20 years of vigorous growth have pursued divergent strategies, but with the common thread of physically transporting themselves outside Australia to take advantage of expansion opportunities.

That desire to push offshore reflects the limitations of size on the Australian market (at least in dollar terms) and the desire to mitigate the worst effects of the cyclical downturns in the local market.

The largest of the Australian transport big three is TNT, with annual revenues of A$1.75bn, about half drawn from its Australian general and express freight, shipping and diversified businesses.

While this turnover level places it among the leading world freight transport companies, TNT also has a share of almost half in Ansett, the Australian airline group which generates around A$1bn in annual revenues from its air operations and its extensive surface freight and passenger businesses.

In its latest year to June 30, equity accounting of its share of Ansett's profits was crucial in allowing TNT to report a virtually steady profit of A$30.2m.

This is half the level of its peak 1981-82 earnings and reflects a low but improving level of profitability from its recession-wracked Australian freight businesses but more directly the losses from its involvement in transatlantic shipping through TransFreight Lines and deficits run up through its third attempt to establish road freight operations in the U.S.

These two areas have generated almost A$100m of losses in the past two years although improved transatlantic conditions are expected to see TFL turn frcm around A$30m of losses to break even.

The road freight businesses have added a profitable A$70m or more of revenue through acquisition to take U.S. turnover to A$250m, but continued losses and further heavy spending to bolster the Pilot and Alltrans businesses is expected in the short to medium term.

The lack of success for this U.S. thrust is almost a mirror to the experience in Europe, where the introduction of express freight services in the UK late in the 1970s was an innovation which saw these operations established as a driving force to group profits.

However, imitation and a maturing of the market has cut back margins, although the recent acquisition of the European express freight operations established by fellow Australian group, Ipec, has added a new profit dimension and is expected to provide benefits as the two UK and continental systems are integrated.

In Australia some restoration of recession-reduced freight volumes and rates is under way, but with large slabs of manufacturing capacity gone for ever and remaining sub-contract operators emerging strong from recession, competitive pressure in general freight is expected to remain intense on the big operators such as TNT and indeed a permanent erosion in margins is expected to emerge.

These general freight pressures help explain the focus on inter-city express parcels and courier business by TNT and its main rival in this sector, Mayne Nickless, which with the acquisition of half of Ipec's Australian road business has emerged as a clear number two with an estimated 30 per cent of a A$600m or so market where TNT has a reputed 40 per cent. (TNT's international onboard courier group, Skypak, is number two in the world.)

Meanwhile, Mayne, where the APM paper and packaging group is bidding A$180m for a controlling stake, is best recognised in Australia for its armoured car and security services operations while in profit terms its data processing services interests are among the largest of its five main divisions.

In seeking its overseas expansion it has followed a more specialised route, taking on the Loomis and Purolator armoured car business in North America, as well as associated removals, courier and alarms businesses.

Its UK expansion has also focused on these specialist armoured car and computer services. Overall, Mayne drew profits of A$25m from A$860m of revenues for its June year.

The trend to specialisation has been long-established at Brambles, which holds only a minor portion of the interstate transport market, and even then is mainly in refrigerated and bulk liquid haulage.

Its unique achievement, though, has been the development of the large-scale national pallet pool, a concept it is steadily developing in product and geographic range.

Having long established joint operations in the UK for industrial pallets with GKN, it is now steadily pushing through Europe while in Australia it has expanded the concept from wooden pallets to wire cages filled with components and transported from warehouse to production line.

This increased integration with the client's operation is seen as a growing trend, in large part because of the breaking of traditional stockholding patterns induced by recent high interest rates.

NOTICE OF REDEMPTION

THE KINGDOM OF DENMARK
Floating Rate Notes Due 1992

U.S. $100,000,000

NOTICE IS HEREBY GIVEN that, pursuant to condition 3(b) of the subject notes (the "Notes") the Kingdom of Denmark has elected to redeem on February 28, 1985 all of the outstanding Notes at 100% of their principal amount.

Payment will be made upon presentation and surrender of the Notes, together with all coupons appertaining thereto maturing after the date fixed for redemption, at the specified offices of the Paying Agents as shown on the Notes.

Coupons maturing on February 28, 1985 should be detached and presented for payment in the usual manner. On and after February 28, 1985 interest on the Notes will cease to accrue and unmatured coupons will become void.

The Kingdom of Denmark

January 25, 1985, London
By: Citibank, N.A. (CSSI Dept.), Fiscal Agent CITIBANK

Series 022

U.S.$42,000,000
Short-term guaranteed Notes issued in Series under a U.S.$280,000,000 Note Purchase Facility
by
Mount Isa Mines (Coal Finance) Limited

Notice is hereby given that the above Series of Notes issued under a Production Loan and Credit Agreement dated 30th March, 1983, carry an Interest Rate of 8¾% per annum. The Issue Date of the above Series of Notes is 28th January, 1985, and the Maturity Date will be 29th July, 1985. The Euro-clear reference number for this Series is 11406 and the CEDEL reference number is 576042

Manufacturers Hanover Limited
Issue Agent

25th January, 1985

CORRECTION NOTICE
TRANSVAAL GROUP
Reports for the quarter ended 31 December 1984.

ERGO
East Rand Gold and Uranium Company Limited
(Incorporated in the Republic of South Africa)

Please note the following corrections to the above quarterly report published on 18th December 1984 in this paper.

1. The column heading "Year ended December 1984" should read "Nine months ended December 1984."
2. ERGO division

	9 months ended December 1984
Operating profit	43 155
Net sundry income/(expenditure)	690
	43 845
Capital expenditure	33 811

25 January 1985

AMERICAN NEWS

Rockwell finds a willing home for its cash hoard

BY ANDREW BAXTER IN NEW YORK

"WE ARE delighted with the winner of this horse race. Now management can get back to running the business." That was the reaction of Mr Claude Whitney, chairman of Allen-Bradley, after cash-rich Rockwell International had won the bidding contest for the Milwaukee factory automation group.

Rockwell's $1.65bn cash bid topped a $1.5bn offer from Siemens, the West German electronics group, and a 10-figure employee buyout proposal from Mr Whitney himself, and other managers. As he gallantly conceded later when announcing the deal: "We are not in the ball game with these gentlemen, but we enjoyed it."

Mr Whitney's delight was no doubt partly due to Rockwell's stated intention to run Allen-Bradley as a separate business under its present management.

In contrast, Wall Street's reaction was to mark down Rockwell's shares by $1⅛ to $30⅝—admittedly in a falling market, but reflecting unease about the price paid and some short-term dilution of earnings. At $1.65bn, Rockwell is paying more than 18 times Allen-Bradley's fiscal 1984 net earnings of $90m, and Mr Robert Anderson, Rockwell's chairman and chief executive, said the group would be writing off significant amounts of goodwill over the next three to four years.

However, as Wall Street looks more closely at the significance of the deal over the next few months, it may well have cause to revise its initial reaction. Some analysts have already expressed relief that Rockwell has at last found a use for a major part of its $1.3bn cash hoard, and is reducing its dependence on politically uncertain defence contracts.

Pittsburgh-based Rockwell derived 63 per cent of its $9.3bn sales from government business in the year to September. Recently it has appeared to be placing even more emphasis on military and space work—it produces the B-1B bomber, the space shuttle and parts for the MX missile programme.

In September Mr Anderson was also quoted as saying: "We haven't made any big acquisitions and I doubt that we will. Our view is that we are already in four strong businesses—aerospace, electronics, vehicle parts and industrial equipment including printing presses, valves and meters.

This stance irritated Wall Street, which noted that B-1 production will have peaked next year, and it is believed to have prompted Mr Willard Rockwell Jr, son of the company's founder, to resign from the board after an association of almost 50 years.

Then in October, the family trusts controlling Allen-Bradley, anxious to diversify their holdings, decided to sell all or part of their shares. For the past two months Rockwell has been studying Allen-Bradley closely, and last month Mr Anderson disclosed that Rockwell was evaluating several concerns that would complement its existing holdings. Eventually, Rockwell submitted its bid, in a sealed envelope. Allen-Bradley's trustees had a fiduciary duty to accept the highest offer, which turned out to be Rockwell's by a short head.

The apparent change of tack reflects a number of factors, including the realisation that here was a once-in-a-lifetime opportunity to become a major force in the world factory automation market, which is estimated to grow five-fold to $20bn or more by 1990. At a stroke Rockwell will become the biggest U.S. producer of programmable logic controllers, which are used to control machine tools and are a central feature of the automated factory. The group will be competing worldwide across the broad range of factory automation products, with General Electric and Gould of the U.S., Hitachi, Mitsubishi and Fujitsu of Japan, GEC of the UK, Tele-Mecanique of France and Siemens itself.

Rockwell will also be strengthening its position in industrial markets. Over the past decade it has divested businesses with total annual sales of $1bn and products including television sets, power tools and business aircraft. These businesses, says Mr Paul Nisbet of Prudential-Bache Securities, were a disaster for Rockwell, "but industrial products are something they understand."

Mr Robert Anderson, chairman of Rockwell which is now set to take on the world's leaders in factory automation products

At the same time, Rockwell's product mix will change. While the company will bid as hard as ever for military contracts, from which it has made big profits over the past five years, the acquisition will reduce slightly the dominance of this side of the business. Mr Nisbet calculates that military work would have peaked at 66 per cent of revenues in the current year ending September 30, against about 40 per cent five years ago. The Allen-Bradley acquisition will reduce this to 60 per cent this year, and take the figure to the low 50s by 1989, says Mr Nisbet.

Finally, that troublesome cash mountain will be cut down to size, as Mr Howard Rubel of Cyrus J. Lawrence remarks: "You buy stocks of manufacturing companies to be in manufacturing, not banking."

While Wall Street chews over these factors, Allen-Bradley's managers, and their new owners, will be seeking to make the merger work. The deal has obvious financial benefits for Allen-Bradley: even with the depletion of Rockwell's cash, it will be part of a company with the resources necessary to tap the growth potential of a market dominated by financial heavyweights.

The merger also has technological attractions for both sides. Allen-Bradley faces an increasing need for more reliable, smaller and cheaper semiconductors, which Rockwell can provide. It can also tap Rockwell's sensor vision technology.

The financial implications are more difficult to assess. Rockwell will take on $650m in additional debt to finance the takeover, which will raise leverage (debt as a percentage of total capital), from about 10 per cent, at September 30, to 27 per cent. However, Standard and Poor's, the U.S. credit rating agency, has maintained Rockwell's credit ratings.

Rockwell itself expects to bring debt down rapidly from this relatively conservative level. As for the short-term prospects for earnings, the extra financing costs, and the write-down of goodwill, must be weighed against an Allen-Bradley business plan that sees sales and net income doubling in five years from $942m and $90m respectively in the year ended November.

All in all, Rockwell expects some dilution of earnings per share for two or three years, though most analysts believe the dilution will be small. Rockwell reported net profits of $496.5m or $3.25 a share for the year ended September 30, and earnings are expected to rise sharply this year.

However, Mr Nisbet, of Prudential-Bache, believes the short-term dilution will brighten earnings prospects in the longer term. He says debt may well have been paid off by 1987, just when earnings from the B1-B programme—which at its peak will represent about 30 per cent of total sales—are beginning to tail off.

However, while broadly welcoming the Allen-Bradley deal, Mr Nisbet believes Rockwell could, and should, make another industrial acquisition of a similar size to reduce further its dependence on the Pentagon.

Whatever happens, Mr Anderson is a man who keeps his options open. Asked whether the Allen-Bradley deal would preclude Rockwell from bidding for Hughes Aircraft, the major aerospace and defence group which is likely to come up for sale soon, he said: "It's a very attractive company. We'd be interested in taking a look."

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

John Sculley: Apple is after "the forgotten middle manager"

Apple takes another bite

Louise Kehoe reports on the U.S. computer group's latest strategic plans

LIKE SO many lemmings, the blindfolded businessmen marched over the edge of the cliff, falling to certain death one after another in single file. Finally, one of the businessmen stops, removes his blindfold and looks forward. "On January 23 Apple Computer will announce the Macintosh office. You can look into it, or you can go on with business as usual."

Apple Computer's television commercial, aired during last Sunday's Superbowl American football final, was designed to unveil the company's theme for 1985: the Apple Macintosh as an office computer. It was Apple's way of telling the world that it can provide an alternative to IBM's dominant office computer standards.

Unfortunately for Apple, the message was not well received. "Reactions to the commercial have been negative," Apple's public relations executives concede, with callers complaining that it was "morbid" and "too violent." "They ridiculed the market they were trying to capture," commented a computer industry publicist.

Instead of creating controversy and excitement like Apple's Orwellian "1984" ad, "the lemmings" has been roundly dismissed as an expensive mistake. (The commercial cost $500,000 to make, and Apple is said to have paid ABC television $1m for one minute of air time.)

It is hardly a good omen for Apple as it begins to unveil a major new push into the office automation market. This year Apple Computer will make its second attempt to penetrate corporate America with its innovative personal computer technology. The company's goal is "to turn Macintosh," its year-old personal computer, "into a business machine."

To appeal to potential business buyers, Apple will tame its flamboyant image in favour of a more subdued and "mature" public posture this year. The company plans to spend less on TV advertising but to increase its print ads in business and specialist publications. The "IBM v Apple Computer" theme will be softened to make room for Apple's new corporate stance of "co-existence" with IBM. "In 1984 we wanted to establish ourselves as the alternative to IBM and we succeeded. Now we have to implement that strategy and sell machines that will work alongside IBM products," explains Barbara Koalkin, office systems product marketing manager.

"Apple is growing up. There will be more suits around here," quips Mike Murray, Macintosh marketing manager. Humbled by the failure of Lisa, its first "office" computer, Apple will take a more conservative approach to the business market this time.

Apple has learnt a lot since it last tried to break into the office market, claims Steve Jobs, Apple chairman and co-founder, who will turn 30 next month. "We've got our act together."

At $10,000, Lisa was "not affordable enough to become an information appliance," says Jobs. He has also come to recognise the need for third-party software support. "We never even tried to get it (for Lisa)," he points out. Instead, Apple developed its own software.

To be successful in the office market Jobs now believes that "you need complete solutions." So Apple will offer a range of computers and peripherals rather than a single computer model.

Another "lesson" learned the hard way by Apple Computer is the need to acknowledge IBM's standards as those of the business market. To that end, Apple plans to offer add-on products that will allow its computers to communicate with IBMs and vice versa.

"This time we will go in through the front door," boasts Murray. In the past, Apple has tried to bypass conservative data processing managers by appealing—with its advertising and promotion—to individual managers who want computers on their desks. The approach helped Apple to sell an estimated 100,000 Macintosh computers to business users last year. But Apple has yet to be recognised as a major supplier of office computers.

Apple's 1985 strategy for attacking the office market is as innovative as its products. "If the office automation market is as it is traditionally defined, then there are already enough companies in it," states John Sculley, Apple president. Rather than win market share away from the likes of IBM, Apple aims to develop its own market—as it has in the education, home and small business fields.

In the office, Apple's target will be "the forgotten middle manager" who needs an "information appliance," says Sculley. Traditional office automation suppliers have concentrated upon computer experts, while Apple's "easy to use" computers appeal to a different group of potential users, he believes.

Central to Apple's office market push will be "strategic alliances," says Sculley. Apple plans to form close ties with one or two companies that may involve joint marketing and product development arrangements, he reveals. While Scully is not ready to name Apple's future partners, the company is currently involved in "serious talks" with Wang Laboratories, a major office automation supplier. With such a partner, Apple would become "a credible rival to IBM," Sculley believes. "We can't do it by ourselves, but neither can anybody else."

Despite its strengths as a consumer marketing company, Apple has yet to demonstrate its abilities in business-to-business selling. Sculley concedes that Apple's managers have little experience of the office automation market. "We are using several outside consultants and developing skills among our sales and marketing teams," he explains. Apple has not hired any new managers with an office automation track record, "but we probably will," says Sculley. "Not all of the pieces are in place yet."

Meanwhile Apple is placing considerable emphasis upon its new efforts to find business customers. "Our business plans for 1985 do not depend on any of this," Sculley maintains.

Apple may feel that it has overcome the problems that threatened its survival a year ago, but industry analysts point to some serious new challenges ahead.

Defending and maintaining its position in the home and education markets may become as much of a problem for Apple as breaking into new market sectors as 1985 unfolds.

Over recent months several new factors have risen in the U.S. personal computer market.

● IBM has overcome its initial marketing and technical problem with PC Jr, its home computer, to establish the low cost machine as a serious challenger to Apple's IIE and IIC in the retail market.

● IBM is also making inroads into the education market with sales to schools and colleges.

● Commodore is aiming to challenge the Apple II line with upgrades of its top selling Commodore 64.

● Atari has promised to launch a $700 computer that, it says, will boast many of the features of Apple's Macintosh at a fraction of the price.

Apple has no significant enhancements of the Apple II product line planned for this year, despite growing competition and what Sculley himself describes as "a fragile and very competitive marketplace." There is a real danger that Apple could, in its efforts to penetrate the office market, lose the momentum that it has built up over the past year. As Apple Computer presents its new, "mature" image to business it must beware of the danger of appearing old-hat and dull to consumers.

Hype comes to an end

APPLE's new style was reflected at its annual stockholder's meeting earlier this week. Gone was the blaring pop music and the crazed yelling of Apple-employee stockholders at the Macintosh launch last year.

Instead a more restrained and businesslike atmosphere was created for the company that needs to prove that it is serious about selling to big business.

Launching the "Macintosh Office" John Sculley, Apple's president, and Steve Jobs, the chairman, built up the company's Macintosh product line with: a personal computer network; a high quality printer; promises of a "file server" data storage system to come in mid-year; a new name for the two-year-old "Lisa" computer; and price reductions on current personal computers.

For industry analysts, however, the introductions did more to emphasise Apple's lack of new computer products than to impress. The personal computer network was first announced a year ago. Its chief advantage is its low cost, at $50 per connection. It is not a high performance system but rather an interim solution to the industry's confusion over networking technology. "If an industry standard emerges, then at $50 per node the user can afford to throw ours away," says Mike Murray, the marketing manager.

The Apple Laserwriter printer is a "strategic product," says Sculley. The high quality printer heightens Apple's technological advantages in graphics and ease of use into printing. "IBM and AT & T are not well positioned," in this field, he notes. The $7,000 printer is based almost entirely on technology developed outside Apple, by Cannon — which makes the print mechanism — and by Adobe Systems, a small California software company.

The Apple file server, an essential piece of office equipment, is either late or is being delayed to appease third party companies that announced similar products to work with the Macintosh this week, say industry analysts.

To fill out its "office" product line, Apple has renamed the Lisa "Macintosh XL" and drastically reduced its price.

Tinker, tailor . . . spy

Christopher Lorenz reports on a suggestion that the spy psyche has its parallels in the corporate world

JOHN LE CARRE, the spy novelist, has many gifts, but no one has ever suspected him of being a closet expert on managers.

Yet that, according to an American academic, is one way of interpreting the George Smiley novels and the more recent "Little Drummer Girl," with its tale of love and betrayal in the Arab-Israeli conflict.

The source of this revelation is Douglas Wallace, director of the laboriously titled Center for Ethics, Responsibilities and Values at the College of St Catherine in St Paul, Minnesota.

In a stimulating article published in a prime position in the latest issue of the Harvard Business Review* — but one which ultimately ducks key moral issues — Wallace claims that le Carre's works provide "at least a dozen major insights" into "the fundamental capacities and tragic flaws that are built into all of us," including those who work in business organisations.

Among these insights is the "unbridgeable distance" between individuals. "At best we can know our own experience, feelings, thoughts, dilemmas, but we cannot completely identify with or live inside the perceptions, reactions or feelings of another human being."

Then there is the way that admirable actions and intentions, such as bringing someone to justice, often lead to tragic consequences.

The secret service organisations in le Carre's novels serve as "metaphors" for all complex organisations, Wallace maintains, in their tendency to elevate missions and tasks over individual needs and values. Le Carre's books, says Wallace, provide an unusual perspective on the familiar temptation "to invest our abstract organisational dreams and goals with values that are not worthy of our ultimate commitment, and that inevitably destroy our real, human relationships." Whether the goal is making a profit, bringing criminals to justice, or anything else, "we tend to emphasise the objectives . . . at the expense of preserving individual integrity."

Managers relate "only to parts of people," claims Wallace. "If they are hurt in the process, it's unfortunate. We try not to let it happen but we have to expect it every now and then."

Faced with this "dark side of organisations," how can individual managers act with greater responsibility towards their fellow human beings? Wallace offers no comprehensive solution, only nuggets of advice gleaned from le Carre, such as "performing an act of love and loyalty even if it means betraying a cause, a goal, or an institution."

Specifically in terms of business organisations, "those who bear the responsibility of managing can try to prevent the gap between individual and organisational needs from reaching damaging proportions." In this difficult balancing act, managers should make use of what le Carre calls "our Lord's greatest gift"—namely doubt.

"Le Carre invites us to consider the potential effects when we push to accomplish the things we consider so important," Wallace comments. Allowing ourselves to feel doubt helps remind us of our inevitably mixed motives, and of the effects of our actions. This, in turn, "can reduce our insensitivity and arrogance."

At this crucial point, Wallace's specific advice is disappointingly scant, and could even be interpreted as mere conscience-salving after the doing of dirty deeds.

Just as le Carre's characters George Smiley and Peter Guillam keep vigil as they wait for Karla, the Russian master spy who is about to defect, Wallace advises responsible managers to "seek out and stand by those inside or outside the institution who have been hurt by (it)," especially if they have been partly responsible for what has happened, as are Smiley and Guillam.

This can be accomplished through small acts that go unrecognised by others, Wallace suggests rather weakly, such as "stopping by a person's office who is being dismissed and whom we have not particularly liked, and conveying an authentic sense of caring." Or the conscience-stricken manager can make him or herself "available to a person whose marriage is on the rocks, in part because of the extreme demands of a do-or-die project for the company."

Like Smiley and Guillam, we should resist the temptation to wonder whether this sort of behaviour will do any good, argues Wallace. It should be done for its own sake, and that of the victim. He concludes that le Carre invites us to understand "that redemption for the human situation lies in those moments of our lives when we keep vigil with those whom we 'betray' but care for."

To the far more challenging question of whether and how managers can avoid such betrayals occurring in the first place, by bridging the needs of the organisation and its employees, Wallace tellingly offers no reply.

*HBR, Jan-Feb 85. Reprint No. 85116. From reprint service, Harvard Business Review, Boston, Mass 02163, USA.

Management abstracts

Keeping track of office assets via computer. M. F. Meschke in Management Accounting (U.S.), July 1984 (4 pages)

Describes how Pillsbury (flour manufacturers)—when moving into new offices—set up data entry for a computerised system for accepting, locating and then depreciating nearly one hundred truckloads of about 160,000 pieces of office equipment, furniture and work-station components.

Change strategies and the use of organisation development consultants. L. Lovelady in Leadership and Organization Development Journal (UK), Vol. 5 No 2 and Vol. 5 No 4 (18½ pages)

Reviews the literature on strategic change, and examines the main strategies for change currently in use, such as OD; compares their characteristics and speed of achievement, finding wide differences between the literature and practice. Looks particularly at change through OD, and the role of the OD consultant as change facilitator; surveys consultants' own perceptions of their task, how they work, and the intervention techniques they use. Discusses aspects of OD management, especially in large organisations. Examines the overall effectiveness of OD in achieving change.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at £3 each (including VAT and p+p; cash with order) from Anbar, PO Box 23, Wembley HA9 8DJ.

THE ARTS

Cinema/Nigel Andrews

Crime-and-capers comedies

Beverly Hills Cop, directed by Martin Brest
Crackers, directed by Louis Malle
The Key, directed by Tinto Brass
Vigil, directed by Vincent Ward

The only thing worse for a film than being preceded by a bad reputation is being preceded by a good one. Beverly Hills Cop reaches Britain in the wake of reports that it has already taken America by comic storm. In a mere month of business, we're told, it has shaken $100m out of helplessly guffawing audiences across the nation.

There's nothing worse than sitting at a Monday morning Press show and waiting to guffaw helplessly. Even at best the occasion tends to resemble a convocation of frozen fish, as gelid critics solwly thaw out after the shock of the weekly return to work. But even allowing for mood this crime-and-caper comedy starring the American laughter industry's great black hope Eddie Murphy (of *48 Hours* and *Trading Places*) is a bone-rattling vehicle given to a champion cyclist. Though Murphy rides it *like a master*—with his lithe, whippy one-liners, his snow-blinding smile and his voice gear-changing between macho growl and falsetto seizures of scorn, satire or panic—the vehicle still hiccups on the straight, judders badly at bends and ends by shaking to pieces completely at the slapstick shootout finale.

The film's single slender comic idea is to transplant its Detroit policeman hero (Murphy) to Beverly Hills, so that he can pursue the gang of villains who murdered a friend. Culture shock naturally ensues — as the industrial Dante's Inferno of Detroit yields to poodles, palm trees and Gucci-clad plutocrats — and Murphy is soon scandalising posh hotels, plush art galleries and the prim rulebook proprieties of the local police. He also collects a token girlfriend (Lisa Eilbacher), gets involved in token car chases, and beards and beats *the tokenly epicene villain* (Steven Berkoff).

The mind boggles at how leaden and formulary this film, written by Daniel Petrie Jnr and directed by Martin Brest, would be without Murphy. (It was originally to have starred Sylvester Stallone, who would surely have sunk it to the bottom of the Pacific.) But if ever an irresistible force ran about bravely trying to attack an immovable object from all angles, Murphy is it. Whether vividly complaining about his *arrest after being thrown* through a plate-glass door by Berkoff ("What do you do if a guy is thrown out of a car? *Arrest him for jaywalking?*") or suavely ordering room service to be taken out to the patrolmen keeping watch on his hotel, he's a dapper and ingenious improviser.

Next time Hollywood should make sure he's given a story *and screenplay worth improvising on.*

★

Our second crime-and-caper *comedy of the week is Crackers,* wherein the culture shock victim is undoubtedly French director Louis Malle. Though Malle has tangled with American subjects before—in *Pretty Baby, Atlantic City* and *My Dinner With Andre*—the subjects have been stylish, literate, subtle and ornate: in a word, "European." But *Crackers* is a would-be crazy comedy, U.S. style, that in Malle's hands ends up as almost certifiably sane. There are too many crooks but far too few kooks in this casserole about a group of city down-and-outs, led by Donald Sutherland, planning to crack the safe of dyspeptic and avaricious pawnshop owner Jack Warden.

In on the scheme are a young burglar-alarm expert (Sean Penn), a pimp (Larry Riley), a nervous Latino (Trinidad Silva), a small round fat gnome of no vocation (Wallace Shawn) and Sutherland himself, *a lantern-faced out-of-work* contractor.

The combined comic appeal of this gang is about equal to *a group of hired mourners at* a funeral. Swimming through the movie's muggy and lifeless cinematography, they do battle *with a lethally witless script* (by Jeffrey Fiskin) and with direction by Malle that seems equally at sea whether trying to float buoyant comic asides or simply to chart the hidden currents of the pot. Even the jokes that do work are *encouraged to scuttle themselves* by foolish repetition. In midheist Sutherland garners a laugh from us by his rueful *time-check announcement*: "We are one hour and 23 minutes behind schedule." Moments later he is looking again at his watch and announcing: "We are four hours and 17 minutes behind schedule." Did we blink and miss three hours of plot time? Or is this supposed to be comic hyperbole? Or what?

The only character we warm to is the venal old pawnbroker himself. Jack Warden plays him like a sour, sulphurous, world-weary Falstaff — a born butt and victim who, like Falstaff himself, is far warmer and more congenial than the japesters who play tricks on him.

★

Which leaves us the week's funniest film, albeit unintentionally, *The Key*. Tinto *(Caligula)* Brass directed this riotously straight-faced slice of erotica based on the often-filmed novel of the same name by Junichiro Tanizaki. Frank Finlay is the expatriate English professor living in Venice with his voluptuous Italian wife *(Stefania Sandrelli)* and keeping a "secret" diary that he hopes she will read (she does). Only thus, he feels, can he thaw out her stubborn sexual reserve and fulfil his own fantasies.

Meanwhile the prodigiously equipped and usually nude Miss Sandrelli, who has so many moving or wobbling parts that she causes a minor earth tremor whenever she gets up from bed, falls for her handsome son-in-law Franco Branciaroli. This is fine by Professor Finlay, for whom jealousy is a favourite aphrodisiac. And soon he is greedily gleaning details of the affair and also taking polaroid snapshots of his naked, sleeping wife whenever she comes home. (The time is 1940, a fine year, of course, for polaroid cameras.)

This gleaming nonsense is directed *with* impeccable seriousness by Signor Brass, up to and including the "climax" when Finlay has a heart *attack after donning* black ladies' undies to make love to his wife. He lives just long enough, however, to learn that *his wife still loves him and* cares for him, and that kind hearts are after all more than coronaries.

Surely there are enough loony scenes in this film to turn it into a cult commodity? Whether it is Miss Sandrelli demurely passing water by a midnight canal ("Piddle on me, O joy," soliloquises the professor nearby) or Findlay taking a mallet to his dinner-time lobster or Findlay delivering tongue-twisting voice-off monologues while caressing Miss S ("I found myself repudiating the cultural *sublimations* I had once loved"), the movie is a surreal collector's piece. And it remains so right down to the *cheerfully off-kilter dubbing*. As always with Italian erotic imports, however often intimacy takes place between men and *women, it is seldom allowed to* take place between the actors' words and their lip movements.

Vincent Ward's *Vigil* is an ambitiously mystical New Zealand film—last year's official entry at Cannes—about a farming family at bay against time, fate and the elements in a rain-tossed mountain valley. If Andrei Tarkovsky had driceted *Cold Comfort Farm*, it would surely be something like this. Dad dies while recovering some lost sheep; Mum is deeply worried about geological instability —"We can't stop the hills caving in on us;" and 12-year-old abala-clava-clad Tess (Fiona Kay) looks so like a boy that for most of the film I thought she was one. Meanwhile there is a mysterious hunter, some surreal Heath Robinson machinery on the skyline (Ward used to be a sculptor) and unstoppable lashings of mist and rain.

The film's purposes are as opaque as its visuals. Neither the characters nor their story seem to have life or function except as exotic blots and blurs on Ward's elemental, Turneresque *landscapes*. But those landscapes are impressive for a debut film; and if he ever manages to populate them with a real drama Ward might be a director to reckon with.


Eddie Murphy, great black hope

Deadly Embrace/Colchester

B. A. Young

It's billed for some reason as *Cursor or Deadly Embrace*, as if *Twelfth Night* always added *or What You Will* on the posters. Perhaps Eric Paice hasn't decided what his play should be called. "Deadly embrace" is apparently a technical term in computer operation, and a computer, furnished with a live voice, plays a big part in the story. What is does, in fact, is commit a murder.

Julia Shepherd (Anne Kidd) is first seen chucking all her husband's clothes into the garden from a Cambridge living-room hung with CND and Save the Whales posters. After 14 years, he has left her for another woman, as she explains to her friend Liz (Lois Butlin), and Liz reacts with sympathy and aid before setting off for Paris on a business trip (watch Liz!). The scene ends on a curtain-line, "I'd like to kill that bastard!" Then a door-to-door computer salesman arrives, weighed down with demonstration kit.

A door-to-door computer salesman is as improbable a character at Atahualpa, and Siôn Tudor Owen has invented Steven Jones as improbably as that. He wears a half-length black plastic jacket and jeans, but carries a track-suit in his van in case he feels like jogging. Mr Owen jogs a good deal whatever he's doing, or jumps up and down, or waves his legs in the air, or rolls on the floor, and his Welsh delivery of unfamiliar computer terms as he pitches his sale isn't always easy to catch. But Julia fancies him, and he moves in for the "seven days' free personal instruction" bit.

The computer has more instructional ability than Steven, for someone has left it ready-programmed with a formula for murdering the errant husband. They break into the programme of the local hospital and alter the prescription for his pills. The play being a comedy-thriller, I must be careful what I reveal from now on, but I can tell you that when Julia and Steven break again into the programme, to conceal the fatal instruction to the dispensary, they are locked in a "deadly embrace," that is to say, someone else is also breaking into it.

Mr Paice then begins a riot of coincidences that would have made even Dickens blush. The series of unlooked-for changes in the direction of the plot come too hard on one another, so late in the evening, but I can reveal that those who survive end at least partly satisfied. I wish I could have cared more, but the author has done most of his work in television series, providing dialogue for ready-made characters, and he really hasn't made any characters here that deserve any emotion but surprise. Paul Miller designed the set, Chris MacDonnell and Jim Bowman have made the computer talk, and Michael Winter directs.

Arts Week

F	S	Su	M	Tu	W	Th
25	26	27	28	29	30	31

Music

PARIS

Eric Heidsieck, piano, Veronique Dietschy, soprano, Jean-Pierre Arnaud, oboe, Bernard Thomas orchestra: J.S. Bach (8.30pm). Salle Pleyel (563 8873).

Evgueni Nesterenko, bass, Orchestre National de Lyon conducted by Serge Baudo: Schöberg, Sibelius, *Operatic Arias (8.30pm). Both concerts on Monday.* TMP-Chatelet (233 4444).

Ensemble Orchestral de Paris conducted by Michel Corboz with Lausanne's vocal ensemble: Bach – Christmas Oratorio (Mon): Salle Pleyel (563 8873).

Paris Opera soloists, Herve Leenloch, violin solo: Bach, Brandenburg concertos (Tue). Salle Favart-Opera Comique (296 0611).

Daniel Barenboim, piano: Beethoven *Sonatas (Tue): Salle Pleyel* (563 8873).

Amadeus Quartet: Beethoven String Quartets (Tue, Thur): Théâtre des Champs Elysées (723 4777).

Orchestre National de France conducted by Emmanuel Krivine, Julia Migenes-Johnson, soprano: Gershwin (Wed): Théâtre des Champs Elysées (723 4777).

VIENNA

Alban Berg Quartet, Mozart, Haubenstock-Ramati and Schubert. Konzerthaus Schubert Saal (Mon).

Sakura Yamada, piano. Mozart, Beethoven, Faure and Schumann. *Bösendorfer Saal (Mon).* (65 66 51).

Ensemble Musica Antiqua conducted by Bernhard Klebel with Konrad Ragossnig. Dowland, Morley and Holborne. Palais Liechtenstein (Tue).

Vienna String Sextet. Bach, Mozart and Brahms. Konzerthaus – Mozart Saal (Wed). (72 12 11).

LONDON

Polish National Radio Symphony Orchestra conducted by Antoni Wit with Nigel Kennedy, violin. Glinka, Brahms, Penderecki and Mussorgsky. Barbican Hall (Mon). (638 8891).

London Philharmonic Orchestra conducted by Riccardo Chailly with Ken Noda, piano and David Nolan, violin. Ravel and Chopin. Royal Festival Hall (Tue). (928 3191).

Royal Philharmonic Orchestra conducted by Yuri Temirkanov with Peter Donohoe, piano. Prokofiev, Rachmaninov and Rimsky-Korsakov. *Barbican Hall (Tue)*.

Jorge Bolet, piano. Debussy. Queen Elizabeth Hall (Tue). (928 3191).

London Symphony Orchestra conducted by Andrzej Panufnik and John Georgiadis with Carlo Curley, organ. Albinoni, Panufnik, Handel, Elgar and Poulenc. Royal Festival Hall (Wed).

Academy of St. Martin-in-the-Fields directed by Kenneth Sillito, with Maurice Bourgue, oboe. Handel, Albinoni, Bach, Bellini and Verdi. *Queen Elizabeth Hall (Wed)*.

Northern Sinfonia conducted by Richard Hickox with Janet Baker, mezzo-soprano. Mozart, Berlioz and Beethoven. *Barbican Hall (Wed)*.

ITALY

Milan: Teatro alla Scala: Violinists Paolo Borciani and Elisa Pegreffi, Tommaso Poggi (viola) and Luca Simoncini (cello) playing Bach Quartets (Mon). (80 91 26).

Rome: *Teatro Ghione: Via Delle Fornaci, 37:* Clementi, Evangelisti, Hindemith and Debussy with the pianist Alberto Pomeranz, cellist Aldo d'Amico and the flautist Monica Berni (Mon). (637 2294).

Rome: Teatro Olimpico: The pianist Andrea Lucchesini playing Schumann, Beethoven and Brahms. Wed. (36 01 752).

NETHERLANDS

Amsterdam, *Concertgebouw.* Vernon Handley conducting the Amsterdam Philharmonic, with Emmy Verhey, violin. Strauss, Dvorak, Rachmaninov (Mon); Chicago Symphony Orchestra conducted by Georg Solti. Shostakovich, Bruckner (Tue); The Concertgebouw Orchestra under Bernard Haitink, with the Beaux Arts Trio as soloists, in Peter Schat's second symphony and Beethoven's triple concerto (Wed, repeated Thur). Recital Hall: The Orford Quartet. Shostakovich, Ravel, Beethoven (Wed); The Borodin Quartet. Borodin, Stravinsky, Tchaikovsky (Thur). (71 83 45).

Rotterdam, de Doelen. Recital Hall: Members of the Rotterdam Philharmonic, with Sander Sittig, piano. Mozart (Tue). The Concerto Rotterdam conducted by Jan Eelkema, with the Toonkunst choir and soloists. Schubert (Wed). Siegfried Kobilza, guitar. Giuliani, Weiss, Sor, Uhl and Villa-Lobos (Thur). (14 29 11).

NEW YORK

New York Philharmonic (Avery Fisher): Klaus Tennstedt conducting, Bella Davidovich, piano. Beethoven, Dvorak (Tue); Zubin Mehta conducting, Eva Marton soprano, Peter Hofmann tenor, Martti Talvela bass. Wagner: Die Walküre Act I (Thur). Lincoln Center (874 2424).

WASHINGTON

National Symphony (Concert Hall): Mstislav Rostropovich conducting, Jean Pierre Rampal flute, Lucy Shelton soprano. Handel, Bach, Vivaldi, Laderman (Tue); Mstislav Rostropovich conducting, Matti Salminen bass, Oratorio Society of Washington directed by Robert Shafer. Sibelius, Mussorgsky (Thur). Kennedy Center (254 3776).

TOKYO

Shinsei Nihon Symphony Orchestra: Toru Takemitsu, Mozart, Mussorgsky. Tokyo Bunka Kaikan (Mon). (985 4836).

Chikuzan Takahashi (Shamisen). Traditional Japanese music on 3-stringed banjo-like instrument by Japan's foremost recitalist. Blind and from the northern prefecture of Aomori, he represents one of the few professions traditionally open to the blind and the harsh life outside sophisticated Tokyo. Jean-Jean, Shibuya (Tue, Wed, Thur). (462 8641).

Exhibitions

ITALY

Naples: Museo di Capodimonte: 'Naples in the 17th Century': for lovers of Baroque. An exuberant exhibition of paintings, marbles, silver and furniture dating from a period when the city was the second in Europe after Paris. Ends April 14.

Rome, *Villa Medici (French academy):* Degas and Italy. A gracious recognition by the French Academy of the importance of Italy to the work of one of the greatest artists of the 19th century (this year is the 150th anniversary of Degas's birth). The exhibition follows Degas's principle that *preparatory* drawings should be shown with the finished work. This has been done here with three remarkable paintings: the portrait of the Belleli family (with its echoes of Piero Della Francesca). The works cover the period 1856-60. Ends Feb 10.

Rome, Galleria la Gradiva (Via della Fontanella 5): Modern Italian painting including Guttuso, de Chirico, Annigoni, Rosai, Balla. Ends Feb 10.

Florence: Palazzo Strozzi: Icons from Russia – painting in Russia and the Ukraine from the 15th to the 18th century, organised by the new exhibition centre in Florence and the Russian Ministry of Arts. On show are 71 icons from the Museo Rublev in Moscow, and from museums in Leningrad, Kiev and Cernigov. Newly restored and stripped of their dark protective layers of linseed oil, the colours are brilliant and the gold gleams. The exhibition is fascinating not only for the extraordinary and disconcerting beauty of the icons but for showing the remarkable artistic isolation of Russia, which allowed this subtle art form to survive until Peter the Great decided forcibly to Europeanise it in the 18th century. Ends March 3

NETHERLANDS

Utrecht, Central Museum. Rare silver of the Golden Age. The Van Vianen family of Utrecht provided the country's leading silversmiths for much of the 17th century. The 80 objects from London, Vienna, Leningrad, Berlin, Paris and Amsterdam inevitably focus on the work of Adam and Paulus Van Vianen, whose introduction of the auricular style and emphasis on the sculptural qualities of silver brought about a break with the past. Ornate, yet graceful cups and ewers contrast with superbly chased tazzas and plaques depicting mythological and biblical scenes in *low relief. The dazzling display* is complemented by 17th-century paintings and drawings in which the Van Vianens' creations featured as sumptuous accessories. Ends Feb 10 (closed Mon).

Amsterdam. The Rijksmuseum opens its centenary year with a close look at the Last Supper. Twenty sketches and studies, 12 by Leonardo, accompany an immense photographic reproduction of the ailing mural, while detailed photographs chronicle the restorers' latest efforts to reverse the erosion. Ends March 3. (Closed Mon).

Amsterdam. Stedelijk Museum. *La Grande Parade (named after the* painting by Leger) is a feast of highlights in international painting after 1940. Forty artists are represented with 250 works loaned from all over the world. The show is designed as an encounter between the late creations of patriarchs like Matisse, Picasso and Braque and works by the outstanding representatives of subsequent generations (De Kooning, Bacon, Pollock, Giacometti, Rothko and many others). Theory, for once, takes second place, leaving the art to speak for itself. On the ground floor is an impressive gallery of photo portraits of the artists exhibited. Ends April 15.

Amsterdam, Van Gogh Museum. A large selection from the holdings of the city's Stedelijk Museum provides a comprehensive survey of the "Dutch identity" in art since 1945: from Cobra and the Informal Group, via Zero and conceptual art, to the New Realists and the exuberant expressionism of the emerging generation. Ends April 15. (The permanent Van Gogh exhibition has moved to the top two floors for the duration).

WEST GERMANY

Hamburg, Kunstverein, Glockengießerwall: Fifty five paintings, watercolours and gouaches by Edvard Münch, the Norwegian painter (1863 to 1944). Ends Feb 2.

Bremen, Kunsthalle, 207 Am Wall: Watercolours from the 16th century including Albrecht Dürer, Eugene Delacroix and Emil Nolde. Ends Feb 24.

Munich, Haus der Kunst, 1 Prinzregentenstrasse: The museum is displaying two exquisite shows. Nofret – the Women in Ancient Egypt has 98 important works from between 2,500 B.C. and 300 A.D. on loan from Cairo. Ends Feb 10. Shogun offers a panorama of Asian culture in the everyday life of the Japanese dynasties between 1615 and 1868. Despite the limited number of exhibits from the Tokugawa Art Museum Nagoya in Japan, the show allows an insight into the position and importance of the Tokugawa princes. Munich is the only German venue of the exhibition which goes on to Paris. Ends Feb 3

Düsseldorf, Kunstpalast; Ehrenhof 4: The British sculptor Anthony Caro, 60, who once assisted Henry Moore, exhibits his scrap metal sculptures. The 40 works include all his attempts with scrap since 1969. Düsseldorf will be the only German venue. Ends March 3.

PARIS

Hans Holbein the Younger (1497-1543): Thanks to the acquisitions by Louis XIV, the Louvre boasts one of the richest and rarest collections of the court painter of Henry VIII. Five of his masterpieces, portraits of Erasmus and Anne of Cleves among others, retrace his artistic development, accompanied by several drawings of equally prime importance. The exhibition is completed by paintings from the royal collections thought, mistakenly, to be by Holbein. Louvre, Pavillon de Flore, Porte Jaujard (260 3926). Closed Tue, Ends April 15.

Degas: His portrait of Diego Martelli and his astonishing Bureau des Cotons, with his Carnet 18 to be seen for the first and last time page by page, form the highlight of a vast exhibition of the master's sculptures, paintings, lithographs. Centre Culturel du Marais, 28-22 Rue des Francs-Bourgeois (272.73.52). Every day from 10am till 7pm. Ends March 3.

Magritte: Paintings, drawings, gouaches and collages, including La Grande Famille, by the Belgian surrealist celebrate the fifth anniversary of the Centre Culturel Wallonie-Bruxelles. 127-129 Rue Saint-Martin (271 2616). Ends Feb 10.

LONDON

The Royal Academy: Marc Chagall – a full retrospective (organised by the academy in association with the Philadelphia Museum of Art, to which it travels later in the year) of the work of one of the most popular masters of modernism, still at work in his 98th year and last survivor of the artists' Paris of its great period before the first world war.

Chagall, for all his popularity, has remained a maverick artist, idiosyncratic and independent, and hard to categorise. We now see, however, that he has always been a good artist, and at times, most notably in that first time in Paris after 1910, a great one. The work of his extreme old age, moreover, does him more than credit, representing no falling off in its technical command or imaginative authority, but simply a restatement of the poetic images and ideas that have always haunted him and he has made his own – the soaring and floating lovers, the clowns and musicians, the flowers and trees, and that strange, colourful domestic bestiary of cocks and hens, goats, cows and asses.

TOKYO

Ceramics of East and West (Idemitsu Art Gallery): This exhibition highlights 17th and 18th century European ceramics in Japan and Europe, including Japanese Arita ware, Delft from The Netherlands and Meissen from Germany. Particularly interesting is the influence of these various wares on each other, the result of trading of the period. Scores of Chinese and Japanese pottery excavated outside Cairo are also on display. This museum, on the 9th floor of the Kokusai Building in Hibiya, near Imperial and Palace Hotels, commands an excellent view over the moat and Emperor's Palace in the centre of Tokyo. A relaxed atmosphere enhanced by the serving of Japanese tea. Ends Feb 3.

Woodblock Prints (Ukiyo-e) of 17th century actor Ichikawa Danjuro. One of several exhibitions to mark the occasion of Ichikawa Danjuro XII's succession to the most famous name in Kabuki in the spring. The traditional close ties between Kabuki and art exist even today. Seibu Art Museum, Ginza. Ends Feb 24.

The pre-Raphaelites and their times (from the Forbes Magazine and other collections). 70 works of Rossetti, Burne-Jones, Millais and others. Isetan Department Store, Shinjuku. Ends Feb 24.

Opera and Ballet

WEST GERMANY

Berlin, Deutsche Oper: Don Giovanni has Moser and Lucia Peacock as leads. Die lustigen Weiber von Windsor is a Winfried Bauernfeind production. Madame Butterfly features Eugenia Moldoveanu and Giorgio Merighi. (34 381).

Hamburg, Staatsoper: This week's highlight is La Traviata, with Nelly Miricioiu and Luis Lima. Zar und Zimmermann is a well done repertoire performance. Madame Butterfly, sung in Italian, convinces thanks to Raina Kabaivanska in the part of Cho-Cho-San. (35 11 51).

Frankfurt, Opera: A new production of Falstaff, produced by Christof Nel. Louis Quilico appears in the title role. Parsifal, the controversial production by Ruth Berghaus, has fine interpretations by Walter Raffeiner and Gail Filmore. Also this week Don Pasquale and Fidelio, the latter starring Lisbeth Balslev, Barbara Bonney and Hermann Winkler. (25 621).

Munich, Bayerische Staatsoper: The *highly acclaimed* production of Honegger's Johanna auf dem Scheiterhaufen features Kornelia Wulkopf, Julia Varady and Claes H. Ahnsjö. Hindemith's Cardillac by Jean Pierre-Ponnelle is worth a visit. La Bohème brings together Adriana Maliponte and Giacomo Aragall. (21 851).

LONDON

Royal Opera, Covent Garden: La Traviata, in the old and sadly faded Visconti production, serves for the return of one of the most moving of today's Violettas, Ileana Cotrubas; Colin Davis conducts, and the cast includes Neil Shicoff and Norman Bailey. (240 1066).

English National Opera, Coliseum: Reginald Goodall, arguably the world's greatest living Wagner conductor, returns to London to lead a new production of Tristan and Isolde (borrowed from Holland) by Götz Friedrich; Alberto Remedios and Johanna Meier (London debut) take the title roles, with Linda Finnie (Brangäne) and Geoffrey Chard (Kurwenal). The 1950s New York updating of Rigoletto, the company's most famous production in recent times, returns in brilliant form, superbly well sung and, by John Mauceri, superbly conducted. Tosca serves to introduce the heroine of Phyllis Cannan, a warm, gleaming Puccini soprano. (836 3161).

ITALY

Milan: Teatro alla Scala: The Barber of Seville conducted by Piotr Wollny with Martha Senn, Marta Taddei, Paolo Barbacini and Carlo Desideri; a revolutionary new version of Swan Lake by Zeffirelli (choreography by Rosella Hightower) – in which the dual role of Odette/Odile will be split: Alessandra Ferri will dance the White Swan and Carla Fracci the Black, with Maurizio Bellezza as the Prince (Wed) – and Thur with Renata Calderini, Anna Razzi and Marco Pierin. (80 91 26).

Rome: Teatro dell'Opera: Handel's Giulio Cesare conducted by Gabriele Ferro and directed by Alberto Fassini with scenery by Aulenti and Patrick Poirier. In the cast are Margarita Zimmermann, Claudio Desderi, and Bernadette Manca di Nissa and Montserrat Caballe on Wed. (46 17 55).

PARIS

Alexander Dargomyjski's Le Convive de Pierre based on Pushkin's version of the Don Juan myth is an opera essentially vocal and rarely performed. Conducted by Jean-Claude Casadesus in an Otomar Krejca production, Don Juan is sung by Allen Cathcart, Dona Anna by Mariana Nicolesco/Helene Garetti and Laura by Glenys Linos/Eva Saurova. Salle Favart-Opera Comique (296 0611).

NETHERLANDS

Diaghilev programme from the National Ballet. Les Biches (Nijinska), Apollon Musagete (Balanchine) and Petrushka (Fokine). Amsterdam, Stadsschouwburg. All week except Fri and Mon (24 2311).

Nederlands Dans Theatre with Fjeld Meer (Martinu/Kylian), Free sketches (Hindemith/Van Manen), Anatomy Lesson (Landowsky/Tetley) and Converge (Purcell/Duato). Nijmegen, Stadsschouwburg (22 11 00). Leeuwarden, De Harmonie (13 92 25).

VIENNA

Staatsoper (5324/2655): La Traviata with Gruberova, Carreras, and Pons; The Flying Dutchman; The Magic Love Potion by Donizetti conducted by Arena with Battle, Pavarotti, Wixell and Panerai; Manon; Der Rosenkavalier with Janowitz, Fassbänder, Gruberova, Moser.

NEW YORK

Metropolitan Opera (Opera House): James Levine conducts Otello with Placido Domingo and Sherrill Milnes, as well as Wozzeck with soprano Hildegard Behrens and baritone Christian Boesch. The week also includes Ariadne auf Naxos conducted by Andrew Davis and starring Jessye Norman and last performance of the season of The Tales of Hoffmann conducted by Jules Rudel with soprano Catherine Malfitano and tenor Alfredo Kraus. Lincoln Center (362 6000).

WASHINGTON

Washington Opera (Terrace): Zack Brown's 1981 production of The Rake's Progress conducted by Nicholas McGegan is performed in repertory with Leon Major's new production of L'Italiana in Algeri conducted by Joseph Rescigno with Francois Loup as Rossini's comic Mustafa and Mimi Lerner as Isabella. Kennedy Center (254 3770).

Theatre

LONDON

On Your Toes (Palace): Rodgers and Hart's 1936 musical is a genuine tonic. A great American jazz dance collides with the Ballets Russes. Gems include There's a Small Hotel, Glad to be Unhappy and the Balanchine ballet for Slaughter on Tenth Avenue. (437 6834).

Mother Courage (Barbican): Fine RSC presentation by the design team of Cats – John Napier and David Hersey – with Judi Dench as a scavenging, music hall and finally moving Courage pushing her elaborate cart of stage machinery through the Heavyside Layer. Howard Davies directs, good support from Trevor Peacock, Stephen Moore and Zoe Wanamaker. (628 8795).

Two Into One (Shaftesbury): Donald Sinden and Michael Williams head the cast of a blissfully funny farce by Ray Cooney in the old Whitehall tradition. *An irate manager,* Lionel Jeffries, declares: "There's far too much sex going on in this hotel, and I'm not having any of it." Not to be *missed.* (379 5399).

Waste (The Pit): Riveting RSC revival directed by John Barton of Granville Barker's 1907 once-banned play about a politician destroyed by an adulterous liaison leading to an abortion, a death and a suicide. Daniel Massey, Judi Dench, Charles Kay, Tony Church and Mark Dignam in a stellar cast. (628 8795).

Coriolanus (Olivier): Peter Hall's best production to date at the National, Ian McKellen a splendidly historic thing or war, thrilling use of the Olivier's arena architecture, Irene Worth never better as Volumnia. In all, a thoroughly lucid exposition of a great and complex play with an NT company that for once resembles an ensemble. (928 2252).

The Hired Man (Astoria): Worthwhile new musical of Cumbrian agricultural and war-time life, based on a novel by Melvyn Bragg. Persuasive anthems, marches and chorales composed by Howard Goodall, with a high standard of singing and musical direction. Lyrics and book less secure. (734 4287).

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

Brighton Beach Memoirs (Neil Simon): If he wasn't sure before, playwright Neil Simon can expect a long run of his funny as well as touching childhood reminiscences now that the Nederlander organisation has generously decided to name the theatre after the generation's outstanding box office draw. (757 8646).

The Real Thing (Plymouth): After 14 months in London, Tom Stoppard's latest giggle at the English intelligentsia, with a new-found attention to the heart that beats beneath the veneer, directed at a fast clip by Mike Nichols. (239 6200).

Glengarry Glen Ross (Golden): The Chicago cast from the Goodman Theatre provided David Mamet with a Pulitzer Prize for his latest work that pits fast-talking real estate salesmen against the world and each other. (239 6200).

Balm in Gilead (Minetta Lane): John Malkovich's energetic but nostalgic revival of an early Lanford Wilson play brings back the 1960s drugged out 1960s and 70s to the accompaniment of Bruce Springsteen songs. (420 8000).

Sunday in the Park with George (Booth): Inspired by the Seurat painting, Stephen Sondheim has written a musical with dots and dashes of song that are too [illegible] and James Lapine's book which changes gears in the second act. (239 6200).

WASHINGTON

The Marriage of Figaro (Folger): The company's own adaptation of the Beaumarchais script will also use Mozart's music and da Ponte's libretto in an ambitious eclectic production. Ends March 10. (546 4000).

TOKYO

Duration in the Park. The Japanese version of Neil Simon's [illegible] by Yutaka Kobayashi. Tokyo [illegible] Theater, Shimokitazawa [illegible] new theatre district. [illegible]

هكذا اصبح الأصل

International Appointments

FINANCIAL TIMES

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Friday January 25 1985

Balanced U.S. slowdown

THE EVIDENCE is growing that, despite the tut-tutting of European finance ministers, the U.S. is achieving a remarkably well-balanced slowdown from the rapid growth of 1984, and may well come not too far short of the administration growth target — widely regarded as pie-in-the-sky — of 4 per cent annual real growth. There are some danger signals still showing — rising import penetration, an over-provided commercial building market, banking problems in the nergy and real estate sectors, and near record levels of consumer debt in relation to income. These, however, look more like blemishes than fatal flaws.

This reading must remain a tentative one for some time yet. The annualised monthly and quarterly statistics which so dominate the U.S. news are showy, but rather uninformative. They are particularly vulnerable to the inventory cycle; over-stocking of imported goods led to an apparent collapse of imports towards the end of last year, while the car boom which is at the heart of the domestic recovery in consumer goods apparently faltered because inventories were too low to meet demand. However, the relatively smooth growth of employment, consumer incomes and final sales are reliable facts. If some of the more fanciful forms of consumer spending and investment are now inhibited by existing debt burdens and by the possibility of radical tax reform, that is hopeful for the long run.

For America's trading partners, most analysis of U.S. performance is concentrated on three issues: what is likely to happen to the U.S. demand for imports, to interest rates and to the dollar? The answers seem at the moment highly unsatisfactory. U.S. import demand is slowing down—as wel las swinging towards the Pacific; yet the dollar remains strong.

The slowdown in U.S. demand for imports would suggest some balancing shift in demand management in other countries; yet the instincts of European governments, faced with persistently weak exchange rates, seem to be to go in for another bout of belt-tightening. On this logic, their demand at the recent Group of Five meeting that the U.S. should do the belt-tightening while Europe continues its quest for recovery makes sense.

Before commenting on this logic, it is worth looking a little more closely at the U.S. outlook; for the international importance of the proposals for tax reform, and of an apparent but entirely unannounced shift in U.S. monetary policy, has not attracted the attention they deserve. The great importance of any tax reform on the lines proposed in the U.S. Treasury study is that it would reduce the tax-shelter for borrowers, and so reduce the rates U.S. borrowers would be willing to pay, while increasing the real return to savers.

According to a study to be presented at a Brookings Institution seminar next week, the full U.S. Treasury package would reduce U.S. interest rates by three full points.

Relaxation

Since debt service is so large an item in the U.S. budget, these tax reforms would reduce the deficit by some $75bn even on a revenue-neutral basis. If the growth of other Federal outlays can be held below the nominal growth rate, the deficit problem would soon be perceived as much more manageable, with a further effect on long-term rates.

Finally, the more accommodating stance implied by recent speeches from Mr Paul Volcker is profoundly important. It seems to imply not only a recognition that there is nothing to be said for inhibiting sustainable, non-inflationary growth, but some willingness to accommodate the international demand for dollar balances. In other words, monetary relaxation in the U.S. has an exchange rate dimension.

But will the dollar weaken if the U.S. remains the one Western economy with a consistently confidence-inspiring performance? Many investors doubt it, and the sustained strength of the dollar while U.S. rates have fallen underlines the point. Perhaps European governments could learn something from the U.S. instead of simply berating it: to be less obsessed with interest rates, and even manageable (though not ballooning) deficits, and more with performance.

Blank tapes: the case for a levy

THE record industry estimates that about 24m adults in the UK infringe the copyrights of artists, composers and record producers by recording music in the home on blank tape or cassettes. The recording of films and television programmes constitutes a further and growing breach of copyright. A government Green Paper due out soon is expected to unveil some scheme, however rudimentary, for compensating copyright holders. This would represent a surprising change of heart: in 1981 the Government concluded that while the widespread abuse of copyright law was regrettable, there was no practical solution.

When a law is habitually broken by millions of adults every year, it is tempting to argue that it must be a bad law which ought to be amended. A "fair dealing" provision could be inserted in the 1956 Copyright Act which would legalise the home recording of audio or video output. Such a laissez faire approach, in the face of modern technology which makes an old law impossible to police, is appealing if only because it is so much simpler than the other options.

However, such an approach ignores the substantial transfer of income which is occurring from copyright holders to the tape manufacturing industry and the general public. It may be impossible to stop illicit home recording but it is not impossible to compensate composers and record producers for breach of copyright and to choose not to do so is to accept a very rough measure of justice. The most obvious solution, long urged by the record industry, would be a levy on blank tape and recording equipment. The proceeds would be divided among copyright holders.

Such a levy or "royalty" would inevitably involve an element of rough justice. The real issue is whether a levy would be more or less fair than the present disregard of copyright law. In audio recording, the case for a levy is strong. It would be wrong to assume that all the blank tape bought in the UK is bought with the intention of infringing copyright but much of it must be. The loss of record sales is hard to gauge but the record industry's estimate that another 64m LPs might be bought but for home recording does not look wildly unrealistic. The case for a levy on video tape is less strong. Much of the recording is merely to "time shift" programmes for much more convenient viewing and there is not yet large-scale copying of pre-recorded videos.

Once the principle of a levy is accepted, vexing problems begin to multiply. How big should it be? The estimate of the lost income of copyright holders is necessarily vague and a heavy levy would probably be politically infeasible. The figure of 1p per minute on any quality of blank tape which has been suggested (on the assumption that recording equipment would escape the levy) sounds rather stiff: it would double the cost of a cheap cassette. Should the levy be collected at source from importers and manufacturers of tape or at the retail level where it might be easier to arrange refunds for special purchasers such as the blind? And could the Government really allow organisations such as the Performing Rights Society to act as unofficial tax collectors?

Royalties

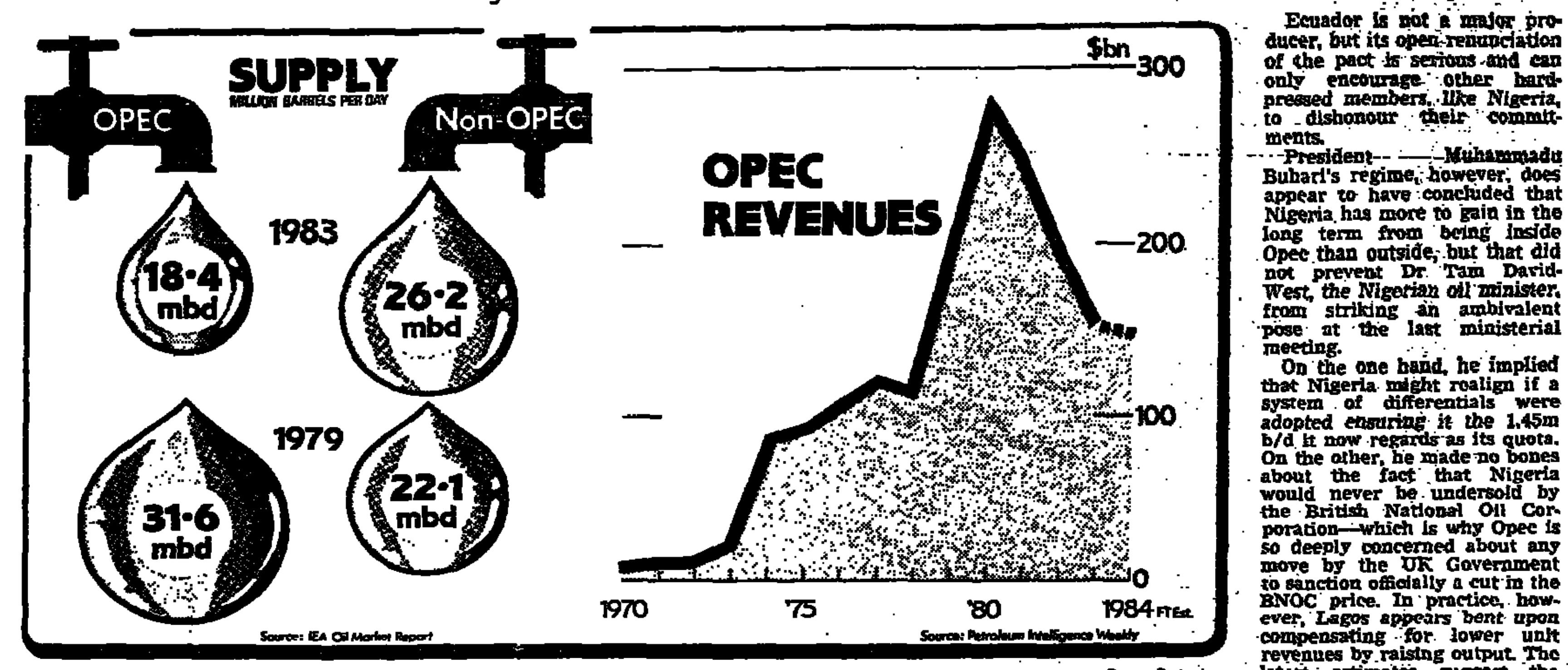
Most controversy is likely to arise over the division of the proceeds of the levy. The record companies will argue it should be split according to the division of royalties on the sale of a record. This would conveniently give them the lion's share of the cash, and would not please those supporters of a levy whose real aim is to help composers and songwriters. The Government would have to agree a formula for the division of the spoils between record companies, broadcasting organisations and original artists. Representatives of these groups would then have to agree a further breakdown among individual copyright holders.

Opponents of a levy, which include the tape manufacturers and consumer organisations, will capitalise on the undeniable difficulty of achieving perfect compensation for the breach of copyright represented by home recording. But this is no argument for doing nothing: rough justice is better than no justice. It would be encouraging indeed if, after consultation, the Government was to implement a microeconomic reform which would bring it no revenue but which would redistribute income back to copyright holders who are inadequately protected by the law.

CRISIS IN THE OIL MARKET

Opec looks over the edge

By Richard Johns



Brane Radovic

MINISTERS from the Organisation of Petroleum Exporting Countries gather this weekend in Geneva in a mood of growing desperation. It could be the organisation's last chance to prove it can administer if not dictate prices in the face of a chronic supply surplus and weak demand.

All this week, currency and stock markets have been alive with rumours that Opec will finally concede the inevitable; a cut in the official Saudi light marker price, which has been rigid against a falling spot market since the spring of 1983.

But Opec ministers know full well that the main task facing them is not to set a particular reference price, nor to agree a long haggled-over compromise on price differentials between the various Opec crudes, but to re-assert the organisation's fundamental ability to defend any price structure by policing both price and output among Opec members.

Opec must persuade its members to stick to the emergency production ceiling of 16m barrels a day set at the end of October, while reconstructing an official price structure which has been undermined by discounts and barter deals. Less than a third of Opec exports are now sold at official prices.

Failure could mean the free fall in oil prices which some economists believe could trigger a banking crisis and serious economic dislocation. But Opec knows that prominent among the casualties of a price collapse would be several of its own members and other heavily indebted non-Opec oil producers, such as Mexico.

With Opec output running at little more than half the rate achieved in the halcyon days of 1979, even Opec's richer members have been forced to scale back development plans and increase borrowing. Collective revenues have fallen from a peak of $275bn in 1980 to around $150bn last year.

According to a recent estimate by Salomon Brothers, the New York investment house, the eight "Poor Opec" countries (all except the four Gulf producers and Libya) started 1981 with an accumulated current account surplus of $91bn, but this had been wiped out by the end of 1984.

Salomon Brothers estimates that the group, in order to balance its current account in 1985 would have to contain imports to a level 36 per cent below the 1982 peak—a drop from $280 per capita to $170 per capita. This indication of belt-tightening is thrown into relief by the comparable figures for "Rich Opec," which show that the corresponding fall in per capita imports would be from $4,300 to $3,100.

Figures such as these explain why leading poor Opec countries, like Nigeria, exhibit considerable impatience with the strictures of Saudi Arabia that they must curb oil output. And unlike Rich Opec, the poorer countries do not have the option of offsetting the threatened decline in their ability to import by borrowing.

The group already has debts in excess of $100bn.

The only comfort for Opec in this situation is the continued strength of the dollar, which has largely offset the fall in the unit price of oil to Opec countries since 1983. Broadly speaking, Opec's income is in dollars, but its expenditure—its imports—are almost 90 per cent payable in other currencies.

As the Salomon Brothers report puts it: "Although the underlying data are imperfect, the trend in poor Opec's finances is clear and unmistakeable. A major test of the cartel's strength is approaching, but the test will be a financial one, rather than one related to oil production. The weak links in the chain are already close to breaking."

It is in the full knowledge of those weak links that Opec has to broach difficult decisions in the next four days. Sub-committees will examine the two key questions; the policing of output and price differentials, in advance of a full meeting of ministers on Monday.

It also the background against which the increasingly frustrated and despairing threats from Sheikh Ahmed Zaki Yamani, the Saudi Oil Minister, and Sheikh Ali Khalifa al Sabah, his Kuwaiti counterpart, about a price war with the North Sea oil producers must be judged. It is true that with production costs of less than one dollar a barrel, they could easily slash their prices to $15 a barrel, whilst doubling output to compensate for the fall. This would have the effect of making most UK and Norwegian operations unprofitable.

The rationale behind such a drastic plan, in so far as it has been explained, is that it might shock the UK and Norway into co-operating with Opec in controlling production and maintaining a North Sea price structure which is quietly slipping towards a spot market-related mechanism.

Another possible explanation is that the Saudis and Kuwaitis, having seen demand for oil in Europe stagnate and only modest growth elsewhere in the developed world, are now prepared to sanction a gentle fall in oil prices in the hope that this will raise demand. This was very much the Saudi strategy between 1979 and 1981, when Saudi Arabia set lower official prices than the rest of Opec.

But these days, Saudi Arabia cannot afford such a relaxed view. In its last published accounts, at the end of 1983, Saudi Arabia showed foreign assets amounting to the equivalent of $132bn. Following withdrawals needed to balance the budget, the total is now estimated at $110bn.

A significant proportion of these reserves, however — perhaps as much as $40bn—is on loan to other countries, notably Iraq, and to international organisations. That cash cannot be mobilised at short notice.

Certainly in the eyes of the Saudis' cautious ruling hierarchy these resources — equivalent to about one year's expenditure—are viewed as inadequate.

Opec tends to unite around a view that any price cut would deprive members of revenue without any offsetting benefit from increased exports.

A fall in price to $25 a barrel would mean a collective loss for the 13 Opec members of $15bn, aggravating and prolonging members' deficits. They have, in a sense, no choice but to fight to maintain the present price structure. But maintaining that structure, it has become increasingly clear, will mean compromises on differentials and a renewal of discipline in defence of the revisad arrangements. These are the vital loose ends which must be tied up in Geneva

The trouble with Opec's existing differentials structure is its rigidity—the current arrangements involve a $4 spread from Arab Heavy at $26.50 per barrel to the light African crudes at $30.50. This pattern is well out of line with market realities, since modern refinery technology, coupled with the flexibility in the refining industry induced by chronic overcapacity, has meant the real market value of heavy crudes is much closer to that of light crude than official prices suggest. In the spot market this week, Arab Heavy has been trading at only $1 below Arab Light.

At the last Opec ministerial meeting, just after Christmas, agreement was almost reached on a new differentials formula suggested by Kuwait. It would have involved a "temporary discount" of 50 cents off Arab Light, whose official price would therefore remain satisfactorily sacrosanct. Saudi Arabia was prepared to go along with this plan and Sheikh Yamani even suggested Opec might switch to Arab Heavy as its reference crude. But Algeria, Iran and Libya, all producers of light crudes, opposed a move which they saw as capitulation to the heavy crude producers.

These issues were taken up again this week in Riyadh by a committee of experts and it was supposedly from this meeting that agreement on a $2.50 cut in the price of light crudes emanated—the news which startled the foreign exchanges and stock markets in midweek. In reality, the meeting ended without any kind of decision, although Sheikh Yamani did emerge to say that progress was being made. The Geneva session will prove whether this was only brave talk, of the kind Sheikh Yamani has been obliged to offer so many times in the past.

The other matter high on the Geneva agenda is the radical plan agreed at Christmas for the the policing of output. This involves each state permitting international auditors to examine sensitive documents and an incursion into national sovereignty of Opec members not previously countenanced.

For all the scorn which has been poured upon the policing arrangements, however, there is some evidence that Opec production has been sharply restrained so far this month. Some estimates put the figure as low as 14m b/d, although the consensus view would be in the 15m to 16m b/d range.

But as it shuffles towards an accord on differentials and policing, Opec's leaders are well aware of the fragility of any deal. Ecuador has already given notice that, for the time being, it is ignoring its quota of 185,000 b/d and intends to produce at 250,000 b/d. To achieve that it has been offering a discount of $1.20 a barrel and extended credit.

Ecuador is not a major producer, but its open renunciation of the pact is serious and can only encourage other hard-pressed members, like Nigeria, to dishonour their commitments.

President Muhammadu Buhari's regime, however, does appear to have concluded that Nigeria has more to gain in the long term from being inside Opec than outside, but that did not prevent Dr Tam David-West, the Nigerian oil minister, from striking an ambivalent pose at the last ministerial meeting.

On the one hand, he implied that Nigeria might realign if a system of differentials were adopted ensuring it the 1.45m b/d it now regards as its quota. On the other, he made no bones about the fact that Nigeria would never be undersold by the British National Oil Corporation—which is why Opec is so deeply concerned about any move by the UK Government to sanction officially a cut in the BNOC price. In practice, however, Lagos appears bent upon compensating for lower unit revenues by raising output. The latest estimates suggest the country is producing in excess of 1.6m b/d.

Algeria, together with Nigeria, dissociated itself from the interim accord on a revised system of differentials last month. They both wanted a much bigger narrowing of the gap between heavy and very light crudes than the 75 cents accepted by other members in last month's awkward compromise (Arabian Heavy was raised by 50 cents per barrel and the premium varieties by 25 cents).

Algeria's decision to leave the price for its Saharan Blend at the top of the range at $30.50 will not in any way destabilise the market—on the contrary—but as a demonstration of maximalist virtue it means little because the bulk of Algeria's oil exports are in the form of refined products sold at market related prices.

Algeria's purist stance is regarded as hypocritical by other members. Others see as selfish Saudi Arabia's adamant refusal to contemplate any further increase in the price of heavy crudes, at the same time as the Kingdom pursues a strategy of increasing demand for heavier crudes which suits the Saudis' pattern of oil reserves

Such resentments and antagonisms, however, have long been the backcloth to Opec's affairs. The organisation has proved remarkably durable in spite of them. But what Opec has yet to prove is that it can construct and stick to far-sighted, strategic deals on pricing and output such as practically everyone in the oil market believes necessary if the price of oil is not to drop sharply when the weather warms up this spring.

The biggest irony for Opec as the Shikhs descend on Geneva is that the first blizzards of winter have perked up the spot market to the point where they could be tempted to argue yet again for deferring the hard decisions.

OPEC CURRENT ACCOUNT PROJECTIONS

1982-86 ($bn)

	1982	1983	1984†	1985†	1986†
Exports	218	180	180	184	186
Imports	165	144	133	139	146
Trade balance	53	36	47	45	40
Less services, etc	−76	−62	−65	−66	−68
Current account deficit	23	26	18	21	28
Cumulative deficit	23	49	67	88	116

† Estimate.
Sources: OECD, IMF and Salomon Brothers.

Treasury's tax base?

Leading tax lawyer, John Avery Jones, thinks he may have found the original blueprint for Nigel Lawson's tax reforms. It comprises two pages of the 1978 report of the Meade Committee.

Avery Jones, aged 44, shortly to become senior partner of solicitors, Speechly Bircham, was a member of the committee which recommended moves to an expenditure tax. But the report did include some possible approaches to an income-based tax—and it looks as if the Chancellor of the Exchequer has quietly adopted that course.

Lawson has already introduced three of the committee's seven suggestions, including the abolition of tax relief on life insurance premiums.

For political reasons, the Chancellor may jib at the committee's proposals for tackling owner-occupiers. But Avery Jones, joint editor of the British Tax Review and the only solicitor to have presided over the Insitute of Taxation, believes we may soon see action on the htree remaining points.

"Knock, knock, who's there ?"

Men and Matters

These are the well-trailed taxation of pension funds, a capital gains tax on government securities, and limited relief on national savings.

Avery Jones still holds that a move to expenditure taxes would be better—"but if the Chancellor is folowing our alternative, it would make a coherent package o freforms," he says.

Foster's byte

High marks to Britain's ACT for the cheekiest advertisement in the ebullient personal computer market since that memorable day two years ago when Apple Computer "welcomed" IBM into the market.

Choosing its timing with precision—the day of Apple's annual stockholders' meeting this week—ACT's newly-formed American arm called Apricot Inc has run a two-page newspaper spread with the following announcement:—"The day we upset the Apple cart. Introducing Apricot."

It is the first of a no-holds-barred series in which Apricot will try to bite into the U.S. Apple market. Future ads will show the apple shriking and a juicy apricot beside it growing until, I am told, the apricot will eat the apple.

Roger Foster, ACT's group managing director, who is in California to promote the first sales drive for the Scottish-built Apricot computer range in the U.S. market, says Apricot is "targeting potential Apple customers."

"IBM buyers," he says, "have already made up their minds and we are saying that if you have an open mind and are considering an Apple, then look at an Apricot."

The campaign will cost Apricot Inc some $7m over the next 90 days.

The last word goes to John Sculley, Apple president: "I sure hope they are around next year to run it again. We love that kind of free publicity."

Local hero

The new man in charge of local government and finance at the hard-pressed Department of Environment is to be Ken Ennals, a civil servant who got a mention in despatches for helping to mop up the Clay Cross affair.

Currently deputy secretary in charge of establishments—the section which manages the rest of the sprawling department—Ennals takes over from Terry Heiser, who next month becomes the DoE's permanent secretary.

Ennal's new job will not, therefore, mean a step up in rank. But given the Government's plans for rate-capping and rate reform(it puts him in a good position for promotion to second permanent secretary when Sir Peter Harrop, the present incumbent, retires in a year or so.

Ennals, say his colleagues, is agreeable, reliable and capable. But it is thought that his appointment will enable Heiser to lend an occasional hand to the local government finance tiller. The forecast for the course on which the Government is set remains stormy.

Brussels brick

Trouble at t' mill. Leaders of Greater Manchester's Tameside council were a bit bemused and annoyed on a visit to Brussels yesterday to discover that £100,00 from EEC special funds had been allocated for the conversion back home of Duckinfield's Queen cotton mill into a workshops centre.

Sensible project, you might think. The trouble is that the mill no longer exists, having been demolished last October to make way for a new supermarket. What is more, the council hs not yet found out who, if anybody, applied for the money.

"Someone in Brussels seems to have dropped a brick or, to be more specific, a mill-full of bricks," says Andrew Robinson, the council's spokesman.

RSJ Engineering, owner of what little is left of the fixe-storey building denies it applied for a grant. Councillors are now wondering whether the Queen mill has been confused with the Cedar mill in Ashton-under-Lyne, for which the council has applied for an EEC conversion grant.

"In an area crying out for resources like Tameside, it's a bit of a sick joke to allocate money to a pile of rubble," Robinson says.

Buzz words

Admittedly the chartists have something to shout about. Their products are mostly at impressive peaks or dismal troughs depending upon the subject under scrutiny. Horizontal lines seem to be quite out of fashion.

Which perhaps helps explain the exuberance of Quilter Goodison, the stockbrokers, where Sir Nicholas Goodison, chairman of the stock exchange, is a partner.

"Wow!" is the headline of a chart showing the capital international world index in their new circular.

"Why?" is the heading on a chart of U.S. Treasury Bonds.

"Manic?" is writ large above the QG chart of the UK equity market.

And "Ugh!" sums up the brokers' view of the sterling index chart as it drifts towards the bottom of the page.

Is this a style we shall have to become accustomed to?

Observer

هكذا في الأصل

Politics Today

The peer show that will run and run

By Malcolm Rutherford

THE TELEVISING of the House of Lords on Wednesday was a huge success. I have not come across anyone who watched it, either live or the later extracts on the news, who was not fascinated by it and looking forward to more.

Admittedly, you can't have that menu every day: the Earl of Stockton up to all the old entertainer's tricks, the Baroness Seear, speaking effectively for 20 minutes without notes and slamming Labour and Tories alike, the Baroness Ewart-Biggs attacking sexual discrimination. The House of Lords does not discuss the state of the nation in every debate: nor is it always so well attended. But as an experiment it worked.

Technically there were a few hitches: the odd peer wrongly described by the commentators, and occasionally someone walked across the cameras. But they were very minor and it was, after all, the first night.

The argument that television would distract from the seriousness of it all, highly dubious in the first place, has been demolished. Their Lordships did not play to the camera and the camera crews reported it straight. What is more, the recording helped to put the fun back into politics. Politics would be a dead art if it were all grave, reverential and more or less behind closed doors. It has been opened up.

It is a cliche, but it is also true, that the televising of Parliament is an extension of democracy. It should rank along with the widening of the franchise as a major political reform. For what it does is to allow Parliament to catch up with the electronic revolution. What could be more democratic than to let the electorate see Parliamentary debates in their homes? To argue otherwise suggests that there is something to hide.

It follows from that that the House of Commons should copy the Lords' example and permit their own proceedings to be televised as soon as possible. The result would be a greater understanding between the governing and the governed, between the elected and the electing. Fewer people would talk nonsense about the alleged antics of Mr Dennis Skinner, Mr Eric Heffer or the Tory Right if they could see them performing. They would note that they are simply trying to put their points across more or less within the bounds of Parliamentary convention. It is sound broadcasting that creates the distortion. Too often it is just a cacophony, whereas the pictures would show otherwise. They might also have a civilising influence on the MPs themselves.

Of course, it is all theatrical. But then politics always was and would be the poorer if it were not. It is about communicating with people, and for that you need the rhetoric and all the tricks of the trade. No one is going to get by for long merely by proclaiming a philosophical treatise, however brilliant. It needs the flourishes and the appeals to the imagination and sense of humour. The test for those watching is to distinguish between the style and the substance.

That is where Wednesday's debate in the Lords comes in as a useful illustration. The Earl of Stockton was the star, as he was bound to be. He had everything going for him: the great age, the stoop, the speaking without notes, the memories — "Keynes, one of my oldest and dearest friends" — the historical sweep, if not the depth, and not least Stockton the place — the unemployment rate when he first went there to stand for Parliament 63 years ago was 29 per cent, now it is 28 per cent. The style was marvellous, but it was very hard to find much substance.

Indeed, all that the former Harold Macmillan seemed to be saying was that the Government should borrow more money, and invest more, in words like "compassion," "unity" and even "national government." There was not the slightest acknowledgement that Britain's relative economic decline was going on apace under his own administration. It was he, above all, who did nothing about the reform of industrial relations at a time when it might have been possible. What he indulged in was a sentimental journey. But he got away with it.

The present administration's problem is the opposite: it has some substance, but very little style, though the Earl of Gowrie both looked and sounded good on television. (Lord Boyd-Carpenter, a former Tory Minister with a claim to have been one of the first to have recognised Mrs Thatcher's potential, was also impressive in defending the Government's approach outright.)

Some times, this absence of style could begin to tell. For the Lords debate was indicative of something else. There is now quite a substantial body of opinion in the country, reflected in the Lords, which is beginning to build up counter-arguments. The Government's saving grace is that the opposition is not united and is unlikely to be so in the foreseeable future. But it is going to have to defend itself more skilfully than it has done in the past. It is no use just producing statistics about the level of investment or the growth rate and the host of micro-measures taken to alleviate unemployment. Too many people have become sceptical: the Churches, for example.

The counter-argument goes roughly like this. The Thatcher experiment has had nearly six years in which to work. In fact, unemployment has continued to rise. The exchange rate looks horrendous. There may be a case for increasing public spending in the budget rather than cutting taxes, the in-phrase being do something about the infrastructure. Put another way, why should not the better off and those in work do something to help the poor and the unemployed?

The argument is not necessarily logical. Some of its proponents would have liked the pound to depreciate still further and the claims for public investment are not always plainly identifiable. It would be much better if people could come up with specific projects. But it is possible to see this kind of argument politically attractive with time.

So what is the Government doing about it? As the publication of the Public Expenditure White Paper this week shows, it is not being entirely successful even by its own lights. Public spending is expected to be 41 per cent of gross domestic product in 1985-86, still higher than when the Government took office. Indeed there is a marked tendency for it to be seen to be messing about with prescription charges, overseas aid, the defence budget and all the devices which have become so familiar over the years.

No doubt the lesson from this is that it is exceedingly difficult to control public expenditure. Yet the Government gets the worst of both worlds. It is unable to claim credit for the amount that it is spending on welfare and so on. Nor can it claim to have introduced radical reforms. For instance, defence spending is being pared in an exercise similar to one of those periodic defence reviews. What has happened to defence strategy? We hear very little about, though the conventional wisdom always used to be that if you cut much more one of Britain's defence roles would have to be abandoned.

There are other areas of obscurity. It is frequently said by Mrs Thatcher's supporters that there is no need for a transport policy or an energy policy. These things look after themselves and anyway expenditure on the roads and railways is being maintained: it is just that much of it appears on the current rather than the capital side.

Yet there are priorities here. One of the reasons why the miners' strike now seems to be coming to an end is that the country had enough energy resources to withstand it: there have been no power cuts to speak of. Another reason is that it proved possible to shift the transport of coal from the railways to the roads: the rail unions supported the strike quite solidly.

But the end of the strike raises almost as many questions as there were at the start. (If Mr Arthur Scargill, the miners' leader, had accepted the terms offered last summer, the Government would have achieved almost nothing.) Is the average price of coal to come down with the closure of the least economic pits? Will the importing of coal continue to be encouraged as a spur to competition? Will the Government go on maximising oil production if coal becomes readily and cheaply available? None of the answers are very clear.

Another set of questions relates to the transfer to the roads. It is now quite likely that there will be a crisis at British Rail, possibly accompanied by industrial action, for BR has lost a great deal of revenue and there must be a strong case for saying that it has excess capacity. There could be another war of attrition, like the miners' strike, as the Government tries to come to terms with the losses.

There is an environmental question, too. If the coal continues to be moved b yroad, the condition of the roads will deteriorate. Nor is the sight and sound of so many heavy lorries very pleasant.

It is on issues like these that those who talk about the infrastructure have a point. Of course, resources are limited and the Government is doing its utmost to control public spending. But there are choices to be made within choices: more and better roads and fewer railways or the other way round, more use of coal and greater conservation of oil?

Mrs Thatcher's administration is distinctly weak at providing any kind of blue print for what it expects the country to look like in the year 2000. Until it does the argument about the infrastructure will go on. It will look even better on television.

Lord Shinwell (right) pictured in the House of Lords with Lord Paget of Northampton

Lombard

Economics of the Falklands

By Robert Graham

THE TIME has come for a thorough independent study of the economic prospects of the Falkland Islands. Mrs Thatcher's support for self-determination for the 1800 islanders and the impending approval for a new constitution makes such a study imperative. The study should embrace the other dependencies in the South Atlantic—South Georgia and the South Sandwich Islands—and British claimed territory in the Antartic.

The first and only serious modern study of the Falklands was that prepared by Lord Shackleton in 1976 which was dusted off and relaunched as the framework for the islands' development in the wake of the 1982 conflict. The revised version was quickly prepared for political expediency. Since then the House of Commons Foreign Affairs Committee has touched on the issue several times in hearings but has become hijacked by investigating the Belgrano affair.

Meanwhile journalistic effort devoted to this aspect has been limited. This is largely because the journey to Port Stanley is such a saga of discomfort and cost (over £2,000 the round trip, courtesy of the Ministry of Defence). Accommodation difficulties and seat space availability on the military aircraft force visits to be short.

Robert Fox, who distinguished himself as a BBC reporter during the conflict, last year had the opportunity to visit the whole region and has now been given the space to record his views and findings.* No one could accuse him of being unsympathetic to the islanders or of deliberately setting out to undermine the credibility of British policy. Yet it is quite clear that things on the ground are different from the simplistic opinions voiced in Whitehall, and what has been achieved in the civilian sphere so far is not impressive. Fox himself concludes a review of current Falklands policy is essential.

He lists six main areas for review: the policy of land reform; the structure of the Falklands Islands Development Corporation and the adequacy of its funding; immigration and housing policy; the public administration of the islands; civilian-military relations (the imported garrison outnumbering the local inhabitants); and topics such as education and health not covered by the Shackleton Report.

Fox attaches great significance to the issue of land "Without a thriving farming community, the garrison and their defences form a hollow ring of hardware and sentinels." Shackleton too saw this as the key to halting the decline in population; he proposed the splitting up of the large estates owned by overseas companies and absentee landlords. This has been slow to materialise. Since the conflict, the land purchase programme has involved loans for only one and a half estates. The new smallholders, Fox notes, are dangerously under capitalised, mortgaged to the hilt and risk ruin if the wool price dips.

The kind of people interested in Falklands farming generally lack the necessary capital. Thus land is going to be settled only if there are very generous financial incentives to encourage it. Yet the Government does not dare talk of encouraging "colonisation"—getting people to leave the UK to settle the land—and this very process is handicapped by the lack of, and cost of, housing.

The principal post-conflict housing programme has been the 52 ill fated "Brewster" houses that cost £7.2m. Even with better management and cheaper models, setlers cannot be housed cheaply because so much has to be imported. These issues deserve as much scrutiny as the huge military cost because they lie at the heart of the islands' future. They suggest formidable development problems and considerable cost overruns of existing civil expenditure—even if links were established with the Latin American mainland which is a remote possibility at present.

Antarctica and the South Atlantic, Discovery, Development and Dispute: BBC publications, £12.95.

Letters to the Editor

Indicator of demand

From the UK Economist, J. Henry Schroder Wagg & Co

Sir,—Anotole Kaletsky (Lombard, January 21) is wrong to dismiss sterling M3 as a "meaningless cipher." Clearly the Government is ultimately concerned with the growth in nominal demand, but sterling M3 is an indispensable (if somewhat erratic) indicator of the state of demand because of its timeliness. Mr Kaletsky points out that there has been no "decisively downward trend in the growth of sterling M3 since .... 1979" despite evident success in controlling nominal demand, but this merely proves that other factors must be taken into account when interpreting monetary developments: in particular, the phenomenal rise in real interest rates over the period dramatically increased desired holdings of interest-bearing assets. Real interest rates and velocity now appear to have stabilised.

The trouble is that although the Chancellor always states the importance of looking at other variables in interpreting money, the failure to do so in practice except when money is overshooting undermines the credibility of both the Government and the targets. Last November the exchange rate, the growth in retail sales and in imports suggested a buoyant economy. In those conditions Mr Lawson should have stated explicitly that monetary growth should be at the bottom end of the target range, and in consequence raised interest rates (or at least not pushed them lower). If markets were treated as economically literate when the going is good, they might be more sympathetic when the money figures are overstating demand growth (compare the Chancellor's credibility with that of Mr Volker).

Donald Franklin.
120 Cheapside, EC2.

The Insolvency Bill

From the Financial Director, Glostal

Sir, — The Insolvency seems to have suffered the same fate as the law and practice it seeks to remedy, ie, too little, too late.

This compromise attempt to curb the more newsworthy activities of delinquent directors and liquidators wil lhave little practical effect either in this or in the more widespread problem of slow payments throughout industry generally.

The Bill will do nothing to stop the people it is aimed at from operating through third parties and will probably only lead to greater deviousness in doing so.

It does not help the severe practical problems of debt collection. The law, even after the proposed revision, is still very slow, cumbersome and expensive to operate. To sue a debtor is often playing into his hands, as, with suitable counterclaims (real or imagined) and orchestrated delays, it is normal to wait up to a year to even get to court. Then is judgment is obtaintained, the bailiff or sheriff can be delayed by simple deception over the ownership of ascsets, as the presumption of "innocence" is still in favour of thet "guilty" debtor. If the debtor's insolvency follows, the preferences given to government debts and the security held by banks means that the ordinary creditor rarely obtains anything, except a large solicitor's bill.

In my view, the "con man" will always be with us and changes to insolvency law will not deter the downright dishonest. What is required to remove the cash malaise of British industry is a court system which can hear both large and small claims quickly and deal out justice without the delays and mumbo jumbo with which both sides' lawyers feather their nests. The enforcement of judgments also needs strengthening by giving Bailiffs the obligation and power to sieze assets, and placing the onus of proof on the debtor if they are not his.

In addition, the post of Official Receiver needs introducing in Scotland to handle the insolvencies which has insufficient assets to pay a commercial liquidator. At present, such cases remain in a bankrupt "no man's land" for years on end before being struck off.

We should be grateful to the Government for doing what it has, but it must be continually pressurised to make the administration of the law more practical. With the high proportion of lawyers in Parliament and so little time available to practical businessmen, I fear that by the time a solution is agreed the problem will have changed. If the Government, however, really values business prosperity as the key to economic recovery it will listen to the hard pressed business at the sharp end, before it all goes blunt.

Duncan Heenan.
Ashchurch,
Tewkesbury, Glos

Different structures

From Dr D. Gardner.

Sir,—I read with interest your Leader on the Trustee Savings Bank (Lost Opportunity in retail banking, January 17). We have worked very closely with the bank during the last year developing a number of management training programmes, and in this capacity we have met a large number of TSB employees from main board directors to junior recruits. In our experience there is within the group a great deal of awareness at all levels both the of the pros and cons of becoming a "carbon copy clearer," and also of the need to enhance and develop the traditional and unique retail banking style of the TSBs rather than merely replicating other institutions.

In an extremely competitive environment such as financial services it would be an act of extraordinary managerial inepitude to divulge, particularly at this stage of a major capital issue, details of the bank's strategic plans. It does not necessarily follow, however, that simply because the capital structure of the bank will be the same as the other clearers, that its corporate structure will also inevitably be so. On this point I think your article was quite misleading in that it seemed to equate the concepts.

You concluded by counselling the TSB's senior managers to adopt the caution and prudence of their organisation's original founders. I suspect that were the founders alive today and operating in the tough competitive world of banking, they would be realistic enough to opt for the additional £1bn in capital you spoke of, rather than put the depositors' savings at risk experimenting with your "workers' co-operative" suggestion.

(Dr) D. C. Gardner,
5-6, Bartholomew Place, E.C.1.

Democracy in Pakistan

From the Information Minister, Embassy of Pakistan.

Sir,—Mr Sharif Lone (Jan. 10) betrays his ignorance of the fact that Islam was the motivating factor in the movement for the establishment of the Muslim-majority state of Pakistan in the sub-continent in 1947 under Quaid-i-Azam Mohammed Ali Jinnah's leadership. It is untrue to say that the founder of Pakistan "called Pakisan a state where religion is no business of the state." He did say that all citizens in Pakistan, whether Muslim or Hindu or Christian, would enjoy equal rights. And this they have done in Pakistan since its birth in 1947.

Quaid-i-Azam Mohammed Ali Jinnah wanted neither secularism nor theocracy in Pakistan. Broadcasting to the people of the U.S. in February 1948 as Governor General of Pakistan, he said that the constitution of Pakistan will be of a democratic type, embodying the essential principles of Islam. Addressing Pakistan's military officers in the Malir cantonment, near Karachi in February 1948, the founder of Pakistan said: "You have fought many a battle on the far-flung battle-fields of the globe to rid the world of the Fascist menace and make it safe for democracy. Now you have to stand guard over the development and maintenance of Islamic democracy, Islamic social justice and equality of man in your own native soil." Thus the Quaid-i-Azam's ideal was a harmonious blend of Islam and relevant concepts of western democracy.

President Zia-ul Haq has, times out of number, said that his goal is to take Pakistan along the path of Islamic democracy. He is holding General Elections for the federal legislature on February 25 and for the provincial assemblies on February 28. The elections will be on the basis of universal adult franchise and secrecy of the ballot. Although the defunct political parties will not be in the polls, their members have perfect freedom to contest the elections in their individual capacity. The number of persons disqualified from contesting the elections by special tribunals due to their malpractices in the 1977 General Elections is not large. The federal legislature will meet in Islamabad on March 23.

After the General Elections, elected civilian Governments will be insalled at the centre and in the provinces. Is this not a positive movement towards representative civilian rule and democracy?

As against the rather disappointing record of rule by political parteis in the past, the martail law Government of President Zia-ul Haq has, in the past 7½ years, given Pakistan stability, peace and one of the highest economic growth rates in Asia. That is why in the December 19 referendum the majority of Pakistani voters supported President Zia-ul Haq and the continuation of his governmental policies.

Qutubuddin Aziz
35, Lowndes Square, SW1.

Redirecting the Treasury

From Mr R. Bullock

Sir,—With reference to recent comments by Messrs Prowse and Taylor (January 10 and 21) there has long been a source of microeconomic advice to the Treasury — the Department of Trade and Industry and its predecessors. The $64,000 question is to what extent the Treasury pays attention to such advice?

R. H. W. Bullock.
12, Peterborough Villas, Bagley's Lane, SW6.

FINANCIAL TIMES

Friday January 25 1985

Olivetti to buy office systems unit from Exxon

By Alan Friedman in Milan

OLIVETTI, Italy's leading data processing equipment maker, is to acquire for around $5m the sales operations of Exxon Office Systems, a subsidiary of the U.S. diversified energy group.

The Italian group is to purchase the assets and inventories of Exxon's European network in six countries.

Exxon Office Systems, which employs 600 people, has a large network of dealers providing sales and service for Exxon processing equipment, including its QYX electronic typewriters. Exxon, which set up this office systems unit six years ago, recently decided to pull out of the sector.

According to Olivetti, talks have been under way for the acquisition of Exxon's European systems network for several months.

Sig Elferino Piol, vice-president of Olivetti Corporate Strategies, said last night that the acquisition was "part of the Olivetti group's policy of increasing its market share by acquiring structures and operations in sales and customer-assistance services."

Olivetti also plans to use Exxon's network in France, West Germany, the UK, Belgium, the Netherlands and Switzerland to market its own work stations and other products.

Olivetti is pledging to guarantee continued service and spare parts for Exxon office equipment products.

Analysts believe that Olivetti, although it is one of Europe's leading office automation companies, needs to consolidate and improve its marketing and distribution network in Europe.

In the U.S., where American Telephone and Telegraph (AT&T) is marketing Olivetti work stations under the global accord reached 13 months ago, there is still a need to improve Olivetti distribution, say analysts.

Olivetti is understood to be working on a new American strategy, which is also designed to resolve the long-standing problems at its 46 per cent owned Docutel distributor.

Exxon results, Page 17

Increased exports help Spain to $2bn surplus

BY TOM BURNS IN MADRID

SPAIN'S 1984 current account showed a surplus of $2bn, a figure which was well ahead of official expectations and which represents a sharp turnround on a $2.3bn deficit in 1983.

Sr Miguel Boyer, the Finance Minister, yesterday said the surplus was the result of an increase in exports of nearly 20 per cent in real terms and income from tourism which was $1bn up on the previous year.

The improved external account, together with a $1.9bn inflow of foreign investment, had increased reserves by $4.6bn to $15.7bn.

The minister said the reserves now represented 50 per cent of the total foreign debt and that this was the highest ratio within the Organisation for Economic Co-operation and Development.

The current account surplus is the first recorded in Spain since 1979. At the beginning of last year the official forecast had been that the deficit would be reduced to $1bn. This was revised to a $1.5bn projected current account surplus after exports surged in the first six months of the year.

As late as last November Sr Boyer was privately forecasting that the 1984 surplus would be $1.7bn.

The export performance represented an increase in income of $3.9bn, which led to a 45 per cent reduction in the trade deficit. This stood at $4.2bn at the end of last year. The ratio of exports to imports reached 81 per cent last year, against 65 per cent in 1983.

The Finance Minister said that, as expected, the exports had sustained economic growth during the past year. Growth reached the 1984 target of 2.5 per cent, in line with the Government's medium-term economic plan, and inflation was expected to be 9.5 per cent from December to December, the first time it has been below 10 per cent since the mid-1970s.

Inflation stood at 12.2 per cent in December 1983 and at 14.4 per cent a year earlier when the Socialist Government took office.

Sr Boyer, who was speaking at a convention of Spanish exporters in Madrid, warned that the 1984 export drive was unlikely to be repeated, although this would be compensated by increased demand from the depressed home market.

Sr Luis de Velasco, the Secretary of State for Trade, who shared the platform with the minister, said the real increase in exports in 1985 would be between 4 and 5 per cent.

Sr de Velasco forecast that the trade balance would show a deficit of $4bn and that the current account surplus would be similar or slightly ahead of that of this year.

The encouraging 1984 economic figures are likely to put pressure on Sr Boyer to loosen his tight monetarist policies in favour of some expansion at a time when the Government is beginning to look ahead to elections in 1986. Under Sr Boyer's plan, growth should stand at 3.5 per cent within the next two years.

Sharon loses $50m U.S. libel suit against Time magazine

BY PAUL TAYLOR IN NEW YORK

ISRAEL'S FORMER Defence Minister, Mr Ariel Sharon, yesterday lost his $50m libel suit against Time magazine. Despite the verdict, Mr Sharon claimed partial victory.

The New York jury hearing the suit ruled that the magazine did not "knowingly and recklessly" publish a false story linking Mr Sharon with the massacre of Palestinians in refugee camps near Beirut in 1982. The ruling ends the case.

The suit – together with the continuing $120m libel action brought by Gen William Westmoreland, 70, the retired former commander of U.S. troops in Vietnam, against CBS, one of the three U.S. television networks – has been seen as having widespread implications for the U.S. press and future libel actions brought by public officials.

After the verdict yesterday, Mr Sharon looked ashen-faced and declined immediate comment, marching straight out of court while Time editors celebrated. However, he later told reporters that despite his ultimate defeat he was satisfied with the outcome of the trial. Mr Sharon said: "I came here in order to prove Time lied. We were able to prove Time did lie and they were careless."

In a separate statement, Time said: "The case should never have reached the American court room. It was brought by a foreign politician attempting to recoup his political fortunes."

The jury verdict yesterday was the third of three rulings, each of which the former Defence Minister had to carry if he were to win the case. Had Mr Sharon won yesterday's ruling, the court would then have heard evidence on his reputation before deciding the level of damages awarded – if any.

Earlier, the six-member jury had found in Mr Sharon's favour on two other issues put before the jury by the judge at the end of the trial which began on November 13.

The jury had ruled that Mr Sharon had been defamed by a 113-word paragraph in the February 1983 Time magazine article and that the story was false.

However, under U.S. law, in order to win the suit Mr Sharon's lawyers had to prove that Time had printed the allegations with "actual malice," knew they were false, or had reckless disregard for the truth in publishing the report.

There was an official Israeli commission of investigation into the massacre by Phalangist forces of more than 500 people, mostly Palestinians, in the Sabra and Chatila refugee camps. The commission found that Mr Sharon, now Israel's Minister of Industry and Commerce who is said to have staked his ambitions of becoming Prime Minister on the outcome of the libel suit, was indirectly responsible for the massacre.

Although the jury's verdict yesterday means that Time magazine maintains its record of never losing a libel suit, it is already being viewed in the U.S. as a mixed victory for both sides.

Israeli wage pact, Page 3

Aspinall to back Goldsmith in U.S. ventures

By Charles Batchelor in London

MR JOHN ASPINALL, the wealthy operator of the Aspinall Curzon casino in London, is to back Sir James Goldsmith, the international financier, in his ambitious U.S. corporate ventures.

Aspinall Holdings, Mr Aspinall's Unlisted Securities Market company, is to put up $10m for a 5 per cent stake in a Cayman Islands venture set up to invest in large, mainly U.S. corporations which are undervalued by the stock market.

Sir James's forays into the U.S. have included takeovers and bids which have resulted in the target company buying back its own shares at a premium, bringing him sizeable profits in the last three years.

Mr Richard Langdon, Aspinall chairman, said: "Sir James is a director of Aspinall, and he has an interest in supporting us. We are seeking to invest our cash in a profitable manner. There is obviously a risk in investing in this sort of thing, but we are a gambling company and have never presented ourselves as being without risk."

Sir James, who has a 40 per cent stake in Aspinall Holdings, has had spectacular successes in his dealings in the U.S. takeover field.

In a letter asking shareholders to approve the U.S. venture, Mr Langdon outlined Sir James's recent deals.

His Goldsmith Group paid $685m for Diamond International, a broad-based conglomerate in 1982. It sold off all but its timberland interests over the next 18 months to make a net return of more than 200 per cent on its net investment of $248m.

Last year, Goldsmith Group made a profit of $54m on a $75m investment in minority stakes in St Regis, a paper group, and Continental Group, a packaging, insurance and forest products company. Both these companies were subsequently taken over by third parties.

In recent months, Goldsmith Group has applied to the U.S. Justice Department for permission to buy up to 25 per cent of Crown Zellerbach, the paper and forest products company, and Colgate-Palmolive, the consumer products group.

Aspinall Holdings will buy 40 units, each costing $250,000, in Oriental and American Investments, the Cayman Islands company. Each unit consists of $187,500 of loan stock and $62,500 A shares.

Oriental and American will have an initial issued capital of $50m in A shares, 200 B shares of $1 par value, and $150m of 10 per cent participating subordinated unsecured loan stock, due December 31 1989.

The Goldsmith Group will maintain a holding of at least 15 per cent – 120 units – while other individuals and companies have also been asked to take up stakes.

The A shares are entitled to an annual compound return of 20 per cent while the loan stock carries an interest rate of 10 per cent plus a further 10 per cent if profits allow.

The B shares will be held by a management company whose shareholders and directors will consist primarily of members of the Goldsmith Group.

See Lex

THE LEX COLUMN

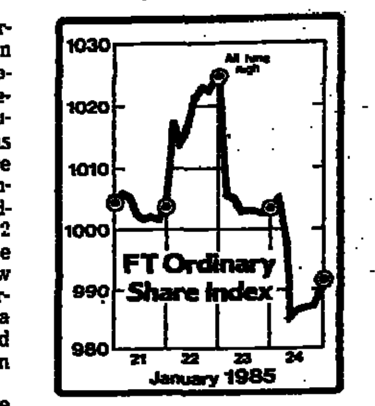
A curtain-raiser from Rank

After years of anguish, the market has lately had plenty of reason to feel pleased with the Rank Organisation. Confidence in the stable-cleansing capacities of its institutionally installed management has all but doubled the Rank share price – to 326p – since the head-hunters finished their work in the middle of 1983, and over the last 12 months Rank has outperformed the market by about 30 per cent. Now the sale of Rank's Canadian property interests to Hammerson, for a net £59m, has just about completed the programme of rationalisation which the City wanted to see.

The sale follows through the strategy of last October's £68m deal with British Land, marking what should be Rank's final exit from the investment property business. Despite book losses on the disposals – amounting to £35m or so, just about absorbing retained profits for 1984 – Rank will markedly have improved its balance sheet. It is possible to imagine that net debt is down to around £90m, or less than a fifth of shareholders' funds; sweeter terms for holders of Rank's low coupon dollar convertible seem a small incidental price to pay.

Keeping shareholders happy may be rather more difficult in future. Next week's preliminary results are sure to be pretty reasonable – otherwise Rank would doubtless have held its disposal news in reserve. Yet the stage has now been reached where the City will be looking for more than the short-term profit recovery to be gained from loss elimination and interest savings; there also needs to be some convincing talk about the direction that a cleaned-up Rank is going to take. Any development plans have so far been kept under maximum security cover.

As things stand, the portfolio looks a little less than exciting. Few companies actually managed by Rank can be classed as high-growth prospects; many, such as bingo halls, are the absolute pattern of a mature cash business. Whatever Rank embarks on, it can now afford to do in some style – and that is something which needs to be in evidence next week.



TDK

The boom in sales of video recorders did wonders for their manufacturers last year, but too many companies muscled into the tape market for the likes of TDK, the world market leader, to make much money out of it. The fact that TDK's consolidated net earnings rose by nearly 20 per cent to Y32.25bn in the year to last November was almost entirely the result of the company's diversification out of tapes and into electronic components.

The irony is that this move, which seemed so sensible at the time, may tell against TDK in the next year or two. Sales of VTRs, and photocopiers, for which the company makes components, are bound to drop off as the markets approach maturity.

In more specialised fields, like compact disc players, there is still room for more glamorous growth, and if TDK can bend its considerable technical skills towards product innovation in components, it could yet surprise the market.

What seems more likely, though, is that it will end up concentrating its attention on tapes. Prices have shown signs of stabilising, and even if sales of VTRs slow down, existing users may still want to build up tape libraries. The shares, up Y70 yesterday to Y5,380, have put in a less than magnetic performance recently, and the prospective p/e of 16 is far from high-tech by Tokyo standards.

Hanson/PD

Hanson Trust's offer for Powell Duffryn (PD), which looked all over bar the counting only a week ago, is at last developing into a proper takeover battle. The odds must still favour Lord Hanson, but they have shortened considerably with this week's fall in the equity market.

Yesterday's defence document exhausted PD's armoury and smacked just a little of desperation – announcing a scrip issue at this stage is a pretty futile line of defence. But, while the scrip and the revised profits forecast will not have much bearing on the outcome, the increased dividend does give PD's argument about the small downside risk some substance. A prospective yield of 6.7 per cent provides income funds with an incentive to stay with PD, even though dividend cover has suffered in the process.

PD could argue that a cover of just under twice – on the basis of forecast *earnings, miners and all* – is justifiable for a company which has completed the bulk of its capital spending programme and is set to reap the rewards in terms of positive net cash flow. But the company has not really convinced the market that it can mend its ways overnight and will be hoping that falling equity prices make their own argument. Hanson, *after all, is much more* highly geared to market movements – in both directions – than is PD.

Yet, unlike its target, Hanson still has a few cards to play. It has not yet bought shares in the market, which it could have done almost throughout the offer period, and it can extend again if it needs to. Hanson has in the past managed to corral acceptances through a judiciously timed marked raid and may well use the same tactic again on this occasion.

Aspinall/Goldsmith

It is a safe bet – if there can be such a thing in a casino company – that shareholders of Aspinall Holdings will enthusiastically endorse their directors' proposal that they should participate in Sir James Goldsmith's investment activities across the Atlantic. Admirers of Sir James – and there are quite a number on Aspinall's register – regard him as the company's principal intangible asset so there seems everything to be gained from making the connection more concrete.

The proposed investment is characteristically complicated but in essence grants Sir James and his interests a free hand in picking the targets as well as a very highly geared exposure to risk. The Aspinall investment of $10m looks high in relation to the company's net worth but no-one who bought shares in the group was ever under the illusion that they were investing in a widows and orphans stock. All the same, the circular to shareholders might reasonably have been expected to mention the small question of risk.

Bowater U.S. achieves 58% rise in profits

By William Hall in New York

BOWATER, the biggest U.S. newsprint producer, which was spun off from the UK-based Bowater Group last May, is continuing its rapid earnings recovery, increasing its profits from continuing operations by 58 per cent to $62.5m in 1984.

Its fourth-quarter earnings from continuing operations rose by a third to $18.2m. Net income of $29.2m for the final quarter included a $11m non-recurring gain from the sale of Bowater Home Centre to Home Depot. The group earned $2.23 per share (fully diluted) from continuing operations in 1984 compared with $1.58 per share in 1983.

Mr Anthony Gammie, Bowater's chief executive, said: "The robust demand for newsprint experienced in the earlier periods of 1984 continued into the fourth quarter. Demand for lightweight coated publication paper continued to exceed the company's and the industry's ability to produce more tonnage. Operating income from both newsprint and coated paper was assisted by price increases put into effect at mid-year."

The group's operating income from newsprint rose 31 per cent to $83.2m in 1984. However, it was Bowater's non-newsprint operations which provided the most impressive growth last year. Operating income from coated paper rose 69 per cent to $36.8m, and profits from market pulp sales rose more than fourfold to $23.8m.

Thatcher seeks victory as UK miners waver

Continued from Page 1

and Acas, the conciliation service, were working hard to try to facilitate direct negotiations.

Mr Scargill spoke at the weekend with Mr Pat Lowry, Acas chairman, who held a secret meeting with the union on Tuesday, following the Smith-Heathfield talks, to pave the way for fresh negotiations, aimed specifically at ending the dispute. Mr Lowry met the NCB the following day.

Coupled with careful contacts with Mr Norman Willis, the TUC general secretary, the understanding among all parties was that, provided yesterday's NUM executive sanctioned the move, talks would take place next week.

One way or another, these talks would be final: either a negotiated settlement would be reached, or a failure would prompt the much-vaunted drift back to work to turn finally into a flood.

Mr Smith is to retire from the board on February 3. With luck, he might have hoped to pull off Britain's biggest post-war industrial negotiating coup.

But the clear message from the *highest reaches of the NCB* yesterday was that Mr Smith will be fortunate if he were not told to leave before his allotted span – a fate which he only just escaped three months ago. Mr Smith had not just gone too far: he had, as far as his chairman was concerned, taken off on his own.

The NUM executive met in Sheffield in a gathering snowstorm clearly braced for the unpleasant truth that talks must now take place and that these would be very largely on the coal board's terms.

The members had Mr Heathfield go over the agreed minutes of his meeting with Mr Smith on Monday. At the heart of that discussion was the agreement by the union that there was after the two categories of pits to be closed which could be described as "exhausted" or "unsafe" a third category of closure, which the board would term "uneconomic." It was also agreed that the third-category pits had closed in the past: and that they would continue to close.

Mr MacGregor, however, has been progressively horrified by the momentum which has gathered behind the move towards talks on what he sees as a dangerously unclear basis.

So, as the NUM executive was agreeing to hold talks on the basis seemingly understood by all parties and confirmed in a round of telephone calls on Wednesday night, the struggle within the NCB took a fresh turn by the issue of its statement at around 10.45am yesterday.

The statement bore the authority of Mr MacGregor, and Mr Smith knew nothing of it at all.

The statement was a far cry from the amicable understandings of the Smith-Heathfield meetings and from the proposition that the union need only, quietly or publicly, nod in the direction of talking turkey on loss-making pits.

Earnings at Delta soar to $73.9m

By Andrew Baxter in New York

DELTA Air Lines, the large U.S. carrier, yesterday reported an 81 per cent surge in second-quarter net earnings, helped by gains from the sale of aircraft, and raised its quarterly dividend from 15 cents to 20 cents.

Delta, which has recovered sharply from heavy losses in the 1982-83 fiscal year, posted net profits of $73.9m, or $1.85 a share, in the second quarter ended December 31.

The latest quarter includes after-tax gains of $29.8m from the sale of aircraft, while the year-ago period included similar gains of $10m.

For the first six months, Delta boosted net profits from $51.1m, or $1.28 a share, to $134.1m, or $3.36. Gains from aircraft sales were $49.6m, against $18.8m in the comparable period.

Revenues rose from $2.04bn to $2.24bn in the six months and from $1.07bn to $1.13bn in the second quarter.

Mr Robert Oppenlander, vice-chairman and chief financial officer, said average revenue per passenger mile rose 14 per cent in calendar 1984, while passenger traffic grew only 1 per cent. The resulting growth in revenue, along with a rise of only 6 per cent in operating expenses, produced record operating income.

The dividend increase, the first since the final quarter of calendar 1981, helped prompt a $1¼ rise in Delta's shares to $44¾ in early trading yesterday.

Reagan 'urged to back action on $'

Continued from Page 1

ish approach last year. French officials say that while the Bundesbank *strongly intervened in selling* dollars at about the time of the IMF conference in September, and the French intervened lightly, the Bank of England took the opposite course of buying dollars.

On the shift in the U.S. attitude, the French believe that Mr Donald Regan, the Treasury Secretary, and Mr Paul Volcker, the Chairman of the Fed, had both swung round to support intervention. The only U.S. official who had doubts about the policy was Mr Beryl Sprinkel, the Treasury Under-Secretary.

Peter Riddell, Political Editor, writes: Mr Lawson gave a strong hint yesterday of a change in British policy towards intervention in foreign exchange markets.

He told the House of Commons that markets determined the level of the exchange rate but added, significantly, that following the meeting in Washington last week "it may be time for us to be in the market occasionally."

Mrs Thatcher repeated her view that sterling was "far too low at the present time." She referred to a "temporary low" in the value of the pound.

Her emphasis reflects the change in approach in the last fortnight from the previous "hands off" view of sterling.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	11	52	Dubrovnik	C	14	57	Malaga	S	15	59	Salzburg	Sn	1	34
Akrotiri	S	17	63	Faro	S	13	55	Malta	S	20	68	Seoul	S	-1	30
Algiers	F	18	64	Florence	F	12	54	Manila	S	30	86	Singapore	S	32	90
Amsterdam	F	3	37	Frankfurt	S	2	36	Miami	C	19	66	Stockholm	F	-11	12
Athens	S	19	66	Funchal	F	16	61	Milan	S	7	45	Strasbourg	F	3	37
Bahrain	C	20	68	Geneva	F	4	39	Moscow	R	1	34	Sydney	C	24	75
Bangkok	S	32	90	Gibraltar	S	14	57	Munich	Sn	0	32	Taipei	S	20	68
Barcelona	F	10	50	Guernsey	C	7	45	Nairobi	F	24	75	Tangier	F	13	55
Beirut	S	17	63	Helsinki	Sn	-10	14	Naples	C	15	59	Tehran	–	–	–
Belgrade	S	14	57	H Kong	C	20	68	New Delhi	S	21	70	Tel Aviv	S	20	68
Berlin	F	3	37	Innsbruck	Sn	1	34	New York	C	-2	28	Tenerife	C	18	64
Biarritz	F	9	48	Inverness	S	0	32	Nice	S	14	57	Tokyo	C	6	43
Blackpool	Sn	1	34	Istanbul	S	13	55	Oporto	C	8	46	Toronto	C	-3	27
Bordeaux	S	8	46	Jersey	C	6	43	Oslo	Sn	-12	10	Tunis	F	18	64
Brussels	S	3	37	Jo'burg	S	27	81	Paris	S	5	41	Valencia	S	13	55
Budapest	C	3	37	Las Palmas	F	18	64	Prague	C	-1	30	Venice	F	4	39
B Aires	S	26	79	Luxor	S	26	79	Reykjavik	F	-5	23	Vienna	Sl	1	34
Cairo	S	17	63	Lisbon	S	11	52	Rio de J'o	R	33	91	Warsaw	C	1	34
Cape Town	S	21	70	Locarno	S	8	46	Rome	F	13	55	Zurich	F	1	34
Caracas	C	26	79	London	R	4	39								
Casablanca	F	15	59	Los Angeles	S	19	66								
Copenhagen	C	1	34	Luxembourg	C	1	30								
Corfu	F	16	61	Madrid	S	6	43								
Dublin	F	7	45	Majorca	F	13	55								

Readings at mid-day yesterday.

C-Cloudy D-Drizzle F-Fair Fg-Fog R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Snow Report

EUROPE

Andermatt (Sw.)	45–160 cm	Blown snow on icy base
Courmayeur (It.)	*110–250 cm*	*Excellent skiing on piste*
Flaine (Fr.)	51–175 cm	Deep powder on fair base
Gstaad (Sw.)	15– 25 cm	Heavy snowfall for 12 hours
Igls (Au.)	5– 30 cm	New snow after total thaw
Ischgl (Au.)	25–105 cm	New snow on hard base
Klosters (Sw.)	40–130 cm	Snow for last 24 hours
La Plagne Fr.)	50–160 cm	Good skiing on upper slopes
Muerren (Sw.)	40–150 cm	Good skiing on 30 cm new snow
St Anton (Au.)	30–150 cm	Heavy snowfall for 24 hours
St Moritz (Sw.)	120–180 cm	Superb skiing on and off piste
Tignes (Fr.)	64– 90 cm	Powder on hard base
Villars (Sw.)	10– 50 cm	New snow on hard base

European reports from Ski Club of Great Britain representatives.

U.S.

Aspen (Col.)	46– 54 ins.	Packed powder; all runs open
Hunter (N.Y.)	12–72 ins.	Packed powder; 37 lifts open

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SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Friday January 25 1985

Investment costs hit Procter & Gamble

By Our New York Staff

PROCTER & Gamble, the U.S. consumer products giant, yesterday reported a 36 per cent drop in its second-quarter net income to $137m.

The group has been warning analysts that its profits in the short-term would be under pressure because of the costs of its various product launches and said that the current year would see the first drop in earnings in more than three decades. Nevertheless, the size of the drop in second-quarter net income disappointed the stock market and the group's shares fell $1⅛ to $56⅝ shortly after the announcement yesterday morning.

The group earned 81 cents per share in the latest quarter, which compares with $1.34 per share in the first quarter of the current year and $1.29 per share in the same period last year. In its last full financial year, P&G earned $5.35 per share, but Wall Street analysts have recently been lowering their current year forecasts to around $4.80 per share.

Spanish boost for electronics

By Tom Burns in Madrid

THE Spanish Government yesterday declared the electronics industry a "preferential interest" sector and announced tax rebates and other state incentives aimed at stimulating investment in the production of electronic equipment, software and data systems.

The Cabinet decree was in line with the Government's drive to promote high-tech in Spain and, in particular, with the search for foreign partners for joint ventures in the sector.

SETBACK IN QUARTER FAILS TO UPSET PERFORMANCE

Exxon profits at $5.5bn in year

BY WILLIAM HALL IN NEW YORK

EXXON, the world's biggest oil company, yesterday reported its first quarterly profit setback in over two years, but this was not sufficient to offset an 11 per cent rise in full-year net income to $5.525bn.

The giant company blamed slower economy growth and generally warmer-than-normal weather, which helped depress petroleum product margins, for its 11.9 per cent drop in fourth-quarter net income to $1.425bn. The fourth-quarter profits included a $121m after-tax charge to cover the closure of a Caribbean refinery and losses on the sales of two of its large crude carriers.

Mobil, the second-biggest U.S. oil company, yesterday announced a much sharper drop in profits with fourth-quarter net income down 36 per cent to $286m. Like Exxon, it announced a big charge in its final quarter ($110m) to cover the previously announced closure of its Wilhelmshaven refinery in West Germany. Mobil's full-year profits fell 15.5 per cent to $1.270bn or $3.12 per share.

Standard Oil of Ohio (Sohio), majority-owned by British Petroleum, also reported lower fourth-quarter earnings, with net income down 10.5 per cent at $290m. Full-year earnings from Sohio fell by 1.6 per cent to $1.488bn, or $6.14 per share.

Exxon also announced yesterday that it spent $2.67bn on buying back 64.26m of its shares in 1984. This contributed significantly to the 17.1 per cent rise in 1984 earnings per share to $6.77.

Mr C.C. Garvin, Exxon's chairman, said: "1984 saw an increase in petroleum and chemical demand with the strong economic recovery in the first half. Such growth slowed, however, in the second half of the year, and this, together with atypical weather throughout the year, led to continued surplus supply and excess capacity in the petroleum industry."

The company noted that crude oil prices weakened throughout the year and ended unsettled. Worldwide downstream operations suffered significantly from downward pressures on product prices in most major markets.

Exxon's overseas exploration and production operations continued to underpin the group's profit recovery in 1984, increasing their earnings by 25 per cent to $2.77bn. U.S. exploration and production earnings rose 7.8 per cent in 1984 to $2.0bn.

By contrast, foreign refining and marketing operation profits fell 72 per cent to $192m and U.S. refining and marketing profits fell by around two-thirds to $161m.

Exxon says it benefited from an 11 per cent increase in overseas crude oil production and lower average taxes. Its chemicals and Reliance electric operations improved as a result of market growth and the economic recovery. Net interest earnings after tax also contributed to the improved earnings for the full year.

Mobil says that if the special charge-offs and other adjustments are stripped out of its annual figures, its net income in 1984 rose by around $31m, or 2 per cent. On the same basis, its fourth-quarter earnings were down $25m, or 7 per cent.

Exxon's total revenues, which had been shrinking since 1981, increased by 2.7 per cent to $97.3bn in 1984. Mobil's revenues rose 2.7 per cent to $60.8bn in 1984 and Sohio's revenues rose by a similar amount to $12.3bn.

Mixed results for U.S. food groups

By Andrew Baxter in New York

THREE U.S. foods groups, Quaker Oats, Dart & Kraft and Gerber Products, yesterday produced a mixed bag of results but expressed optimism on longer-term prospects.

Quaker Oats, the Chicago-based concern whose non-food operations include Fisher-Price toys and speciality retailers, said net income for the second quarter ended December 31 fell from $34.8m, or 84 cents a share, to $31.3m or 75 cents. The year-ago period includes a 10 cents-a-share gain from a debt exchange, without which results for both quarters were about even.

Six-month net earnings were down from $62.8, or $1.52 a share, to $57m, or $1.36. Sales rose from $1.61bn to $1.76bn in the half, and from $852m to $899.2m in the quarter.

In contrast, Dart & Kraft, which makes Duracell batteries and Tupperware products along with a range of processed cheese and dairy products, raised fourth-quarter net income slightly from $118.4m, or $2.16 a share, to $125.5m or $2.59, taking full-year earnings to $455.8m or $9.02, from $435.1m, or $7.92.

Mr John Richman, chairman and chief executive, said the strength of most of the company's businesses was evident in 1984, more than offsetting Tupperware's disappointing performance.

Gerber Products, which has about 70 per cent of the U.S. baby food market, raised net profits for the third quarter ended December 31 from $11.5m, or 57 cents a share, to $11.9m, or 59 cents, on sales up from $192.8m to $216.4m.

For the nine-month period, Profits were up from $36.6m, or $1.82 a share to $39.1m, or $1.92, while sales climbed from $576.5m to $681.6m.

Chemical recovery boosts Elf result

BY PAUL BETTS IN PARIS

ELF AQUITAINE, the leading French state-controlled oil group, achieved a 78 per cent increase in net earnings last year to FFr 6.5bn ($668m) from FFr 3.7bn in 1983.

Sales rose by 22 per cent to FFr 175bn from FFr 144bn the previous year. Group cash flow rose by 26.5 per cent to FFr 21bn, compared with FFr 16.6bn in 1983.

M Michel Pecqueur, chairman, expressed satisfaction at this performance, which makes the group the 12th largest oil company in the world.

He said the increase in profits reflected a major turn round in Elf's chemical activities, which broke even last year after suffering heavy losses in 1983.

Downstream refining and retailing losses were also reduced in 1984, while Elf's U.S. fertiliser operations recovered in 1984. French refining losses nevertheless totalled FFr. 1.5bn last year.

The oil group also increased oil and gas production last year by more than 1m tonnes of oil equivalent, bringing total production to 36m tonnes.

Although Elf performed strongly, M Pecqueur said the group had to retain a cautious approach to the future. He said Elf had to continue investing to renew oil and gas reserves, modernise its basic chemicals operations and develop its presence in the special chemicals, health care and biotechnology sectors.

Atochem, Elf's main chemicals subsidiary, had sales of FFr 19bn last year and cash flow of FFr 75[illegible]. But M Pecqueur said chemical prices were coming under downward pressure again in the last quarter of 1984.

Elf's U.S. operations, including Texasgulf, produced a higher cash flow of $175m last year compared with $109m in 1983.

M Pecqueur expressed concern over the evolution of international oil prices warning that a drop in the crude oil price from $28 to $26 a barrel would cost Elf about FFr 1.2bn.

Strong dollar cuts American Brands' gain

By Our New York Staff

AMERICAN Brands, the U.S. tobacco group, yesterday posted a 2 per cent rise in fourth-quarter net profits, with "excellent growth" in most markets offset by the continuing strength of the dollar.

Net profits for the quarter rose from $104m, or $1.81 a share, to $106.2m, or $1.85, while profits for the year advanced from $390.2m, or $6.76 a share, to a record $414.1m, or $7.20.

Sales fell from $1.1bn to $850.5m in the quarter, and from $4.4bn to $4.2bn in the year.

Mr Edward Whittemore, chairman and chief executive officer, said operating income records were established for both the quarter and the year.

Amdahl recovers as demand accelerates

BY ANDREW BAXTER IN NEW YORK

AMDAHL, the California-based manufacturer of IBM-compatible computer systems, yesterday reported a strong recovery in earnings, reflecting accelerating demand for its products.

The company, in which Fujitsu of Japan has a near 50 per cent stake, posted fourth-quarter net profits of $16.1m, or 35 cents a share. While this is only marginally ahead of the $15.7m, or 34 cents, in the 1983 period, it compares with earnings of just 9 cents a share in the third quarter, excluding a 18 cents tax credit.

For the year, Amdahl reported net profits of $36.4m, or 80 cents, down from $46.4m, or $1.03, in 1983, which includes a $3.2m extraordinary credit.

Sales rose marginally from $777.7m to $779.4m in 1984, and from $225.1m to $227.4m in the final quarter.

The company's profits were hit early last year while customers waited for new products. Yesterday, however, Mr John Lewis, president, said volume installations of the new Series 580 computer systems and 6380 disk drives were important milestones.

Prime Computer, the Massachusetts-based minicomputer group, also ended the year on a strong note. Fourth-quarter net profits rose from $10m, or 21 cents a share, to $14.8m, or 31 cents, taking full-year earnings from $32.5m, or 68 cents, to $59.7m, or $1.25.

Ameritech and Nynex end year firmly

By Our New York Staff

AMERITECH and Nynex, two of the seven regional Bell Telephone holding companies in the U.S. formed out of the break-up of the Bell system at the start of last year, yesterday reported strong final-quarter and first full-year earnings.

Ameritech reported fourth-quarter earnings of $202.9m, or $2.07 a share, on revenues of $2.13bn and full-year net earnings of $990.9m, or $10.17 a share, on revenues of $8.35bn.

Nynex reported fourth-quarter earnings of $262.3m, or $2.82 a share, on revenues of $2.44bn, and full-year net earnings of $986.4m, or $10.10, on revenues of $9.51bn.

Consolidated-Bathurst improves earnings

BY ROBERT GIBBENS IN MONTREAL

CONSOLIDATED-Bathurst, the East Canadian pulp and paper packaging and resource group, reported operating earnings of C$73.8m (U.S.$55.9m) or $1.40 a share in 1984, against C$34.5m or 53 in 1983.

Fourth-quarter operating earnings were C$26m or 52 cents a share, against C$13.5m or 24 cents. Revenues rose to C$399m from C$349m.

The fourth quarter returns exclude a net charge of C$25.7m, or 57 cents a share. This comprised a C$35.6m write-down on the group's investment in Sulpetro, a western oil and gas company, a C$7.6m gain on the public sale of CB Pak in December and a C$2.3m settlement of a fire insurance claim. The 1983 comparative profit excluded a charge of C$9.7m, also related to Sulpetro.

Net earnings for the full year exclude a net charge of C$14.9m or 31 cents a share, against C$9.7m or 22 cents in 1983.

Figures have been restated for accounting changes which reduced net profits by C$8m for 1984 and C$8.5m for 1983.

(Advertisement)

DAI-ICHI KANGYO BANK

DKB ECONOMIC REPORT

January 1985: Vol. 14, No. 1

Japan's 1984 economy achieved balanced expansion between domestic and external demand

The Japanese economy is ending 1984 in relatively good shape with a 5-plus per cent real growth and an even 2 per cent consumer price rise, although the continuously large budget deficits and current account surplus remain major concerns. How will it fare in 1985, the third year of recovery? By far the most important element in this respect is the trend of the U.S. economy.

The U.S. economy is estimated to have achieved a real growth rate of close to 7 per cent in 1984, providing a strong impetus for the expansion of the world economy, including Japan. The expansion, however, was characterized by an *extremely fast pace in the first* half and a marked slowdown in the second half: 8.3 per cent in *the first half and* 3.2 per cent in the second half. The second half slowdown was caused by sharp deceleration of final domestic demands such as personal consumption, business capital investment and housing.

Deceleration of the U.S. economic expansion is bound to have significant bearing on countries dependent on exports to the U.S. such as Japan, West Germany, Canada and the Newly Industrializing Countries (NICs). Although the outlook for the U.S. economy does not seem to allow an easy optimism, it is hoped that the recent downturn in U.S. interest rates will help housing investment and consumption resume strength, arresting the slowdown of economic growth.

Balanced economic expansion in 1984

The Japanese economy in 1984 enjoyed continuously strong exports, centering on those to the U.S., coupled with a surge of business capital investment. It achieved expansion with a good balance between domestic and external demand.

Real gross national product growth reached 1.4 per cent during the January-March quarter over the preceding period, 1.8 per cent in the April-June period and 0.7 per cent in the July-September period. The deceleration of growth in the third quarter was caused by a temporary lull in growth of exports, coupled with a temporary surge of crude oil imports prior to an oil tax hike. This meant that domestic demand's contribution to economic growth remained steady at 1.3 per cent during the quarter, following 0.7 per cent in the first quarter and 1.2 per cent in the second quarter.

Real GNP growth during the first nine months of 1984, compared with the like period a year earlier, was 5.7 per cent (see chart). This consisted of 3.8 per cent from domestic demand (private demand at 3.5 per cent and public demand at 0.3 per cent) and 1.9 per cent from external demand (exports of 3.7 per cent less imports of 1.8 per cent). A strong 10.5 per cent increase in corporate capital investment against the background improved corporate results triggered by the lowering of crude oil prices and the soaring of exports was the most important factor in increasing private demand. By contrast, personal consumption showed a meager gain of 2.9 per cent, while housing even dropped 1.3 per cent.

Despite the increasingly strong business expansion, prices in 1984 remained stable. Wholesale prices are estimated to have remained flat from a year earlier (during the first 11 months, they were down 0.3 per cent), while the consumer price advance is estimated to have been limited to 2.5 per cent (during the first 10 months, it was 2.2 per cent). Behind this remarkable price stability were the presence of surplus supply capacity that worked to prevent a tightening of supply relative to demand and the absence of cost-push factors, as in wages.

Conditions deteriorated in the balance of payments. The surplus in the current account reached $27.5 billion during the first 10 months of the year, easily surpassing the $20.8 billion for all of 1983. Meanwhile, the deficit in the long-term capital account during the period doubled to $36.7 billion from 1983's $17.7 billion.

Still weak personal consumption

Two demand factors that deserve special attention in connection with sustenance of brisk production activities are personal consumption and exports. Personal consumption is continuing to rise only moderately. Inflation-adjusted consumption by wage earners' households grew 4.7 per cent in September over a year earlier, but the monthly average of growth for July-September came out to be low at 1.6 per cent, almost unchanged from the 1.6 per cent for January-March and 1.8 per cent for April-June.

Inflation-adjusted disposable income increased 1.9 per cent during January-March over a year earlier, 2.0 per cent during April-June and 2.7 per cent during July-September, but the rise in income was matched by a decline in the propensity to consume — 0.3 percentage point during the first quarter, 0.1 point during the second quarter and 0.9 point during the third quarter, respectively, over a year earlier.

It is important that the decline in the propensity to consume did not necessarily reflect consumers' unwillingness. The surplus in the household budget (disposable income less consumption expenditures) increased 7.5 per cent during the first nine months of the year over a year earlier, but a net increase in savings and purchases of securities shrank by 22.3 per cent, meaning little was set aside for savings in a true sense of the word. The fact is that a majority of the surplus was diverted to payment of insurance premiums and repayment of borrowings, and the forced savings of this type are proving to be a major drag on the household budget.

Warning signals over the future of exports

Following a summer lull in growth, exports grew firm again as far as indicators for October and November showed. The dollar value on a customs basis increased 3.9 per cent in October from the preceding month and 2.4 per cent in November (in volume, the increases were 4.6 per cent and 2.5 per cent). These figures showed that shipments, centering on those to the U.S., of office machinery, electronics components including semiconductors, automobiles and tape recorders maintained brisk trends.

Nevertheless, leading indicators are pointing to a possible slowdown in the future. The value of export letters of credit received, for example, fell 2.7 per cent in November from the preceding month, a drop following eight consecutive months of increase. The drop reflected a slowdown in the growth rate of exports to the U.S. to 14 per cent over a year earlier from the previous rate of more than 20 per cent in recent months.

Continuing expansion of current account surplus

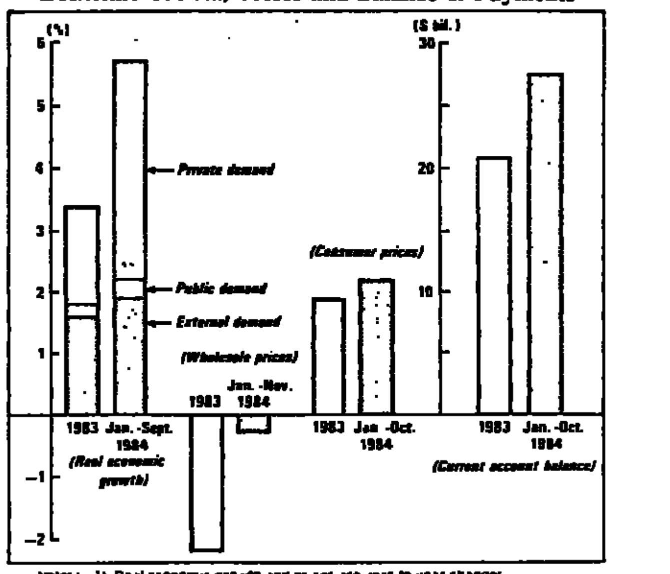
Dollar-value imports on a customs basis increased 4.8 per cent in October and fell 3.3 per cent in November, respectively over the level a year earlier. These sluggish performances were a continuation of September's 2.4 per cent drop, and largely mirrored a reactionary drop in crude oil imports from the August level, which soared due to the impending oil tax increase.

As a result, the current account surplus for October expanded to an annual rate of $41.1 billion from $29.5 billion for the July-September average, according to the IMF statistics, and it is believed to have grown further in November. As exports are expected to grow in the future, albeit at a lesser rate, and growth of imports in dollar value is likely to remain moderate, trade and current account surpluses are expected to remain sizable.

Growing money supply

In the monetary field, M_1, which represents liquid funds, has been expanding at an increasing tempo — 1.6 per cent in January-March over a year earlier, 2.1 per cent in April-June and 3.3 per cent in July-September. The trend has been accompanied by moderate acceleration in expansion of the money supply (M_2+CDs; average outstanding balance) in comparison with the corresponding period of last year, from 7.1 per cent in July-September 1983 to 7.8 per cent in July-September 1984. Financial institutions' lending, meanwhile, is showing particularly sharp growth. Recent declines of interest rates mirror this easy credit. As long as price stability persists, this tone of credit relaxation will continue.

Economic Growth, Prices and Balance of Payments



Notes: 1) Real economic growth and prices are year to year changes.
2) Current account balance shows cumulative figures.
3) Breakdown of real economic growth indicates each factor's percentage point contribution.

Source: Preliminary Report on National Income Statistics (Economic Planning Agency), Economic Statistics Monthly (Bank of Japan), etc.

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The next DKB monthly report will appear Feb. 25.

INTERNATIONAL COMPANIES and FINANCE

U.S. quarterly results

AMERICAN NATURAL RESOURCES Nat. gas transm. & exploration

Fourth quarter	1984 $	1983 $
Revenue	969.9m	967.9m
Net profits	58.7m	51m
Net per share	1.56	1.38
Twelve months		
Revenue	3.49bn	3.34bn
Net profits	196.1m	171.3m
Net per share	5.26	4.68

AMFAC Wholesale distribution, food processing

Fourth quarter	1984 $	1983 $
Revenue	558.8m	590.1m
Net profits	†30.6m	†27.9m
Net per share	†1.84	†1.91
Twelve months		
Revenue	2.39bn	2.26bn
Net profits	†15.1m	†39.3m
Net per share	†0.99	†2.73

†Loss

ASHLAND OIL Petroleum refiner

First quarter	1984-85 $	1983-84 $
Revenue	2.1bn	2.1bn
Net profits	25.9m	27.2m
Net per share	0.64	0.66

BECTON, DICKINSON Health care products

First quarter	1984-85 $	1983-84 $
Revenue	253.1m	256.2m
Net profits	14.5m	12.2m
Net per share	0.70	0.58

CADILLAC FAIRVIEW Property group

Nine months	1984-85 C$	1983-84 C$
Revenue	357.6m	220.8m
Net profits	49.4m	23.6m
Net per share	0.55	0.19

CERTAIN-TEED Building materials

Fourth quarter	1984 $	1983 $
Revenue	273.9m	258.9m
Net profits	13.89m	7.98m
Net per share	0.70	0.38
Year		
Revenue	1.19bn	1.04bn
Net profits	43.54m	33.21m
Net per share	2.17	1.73

COMMONWEALTH EDISON Electric utility

Fourth quarter	1984 $	1983 $
Revenue	1.17bn	1.09bn
Net profits	171.4m	131.8m
Net per share	0.98	0.80
Year		
Revenue	4.93bn	4.63bn
Net profits	761.1m	694.5m
Net per share	4.43	4.39

CONSOLIDATED EDISON Utility

Fourth quarter	1984 $	1983 $
Revenue	1.38bn	1.35bn
Net profits	135.79m	125.78m
Net per share	0.97	0.90
Year		
Revenue	5.73bn	5.52bn
Net profits	619.97m	575.84m
Net per share	4.48	4.16

CORNING GLASS WORKS Special glass products

Fourth quarter	1984 $	1983 $
Revenue	404.1m	377.2m
Net profits	14.5m	15.3m
Net per share	0.69	0.78
Twelve months		
Revenue	1.73bn	1.58bn
Net profits	88.9m	92.2m
Net per share	4.21	4.38

CROWN ZELLERBACH Pulp, paper, timber, packaging

Fourth quarter	1984 $	1983 $
Revenue	831.8m	742m
Net profits	10.3m	25.1m
Net per share	0.23	0.77
Year		
Revenue	3.16bn	2.78bn
Net profits	86.9m	87.9m
Net per share	2.61	2.54

CSX CORP Railroad

Fourth quarter	1984 $	1983 $
Revenue	1.9bn	2bn
Net profits	18m	104m
Net per share	0.52	0.76
Year		
Revenue	7.9bn	5.9bn
Net profits	465m	272m
Net per share	3.15	2.07

DIAMOND SHAMROCK Diversified energy & chemicals

Fourth quarter	1984 $	1983 $
Revenue	1.08bn	1.17bn
Net profits	56.81m	†130.03m
Net per share	0.42	†1.05
Year		
Revenue	4.48bn	4.02bn
Net profits	242.2m	†80.2m
Net per share	1.78	†0.76

†Loss

DOMINION TEXTILE Canada's largest textile group

Second quarter	1984-85 C$	1983-84 C$
Revenue	196.3m	230.3m
Net profits	148m	8.86m
Net per share	†0.03	0.63
Six months		
Revenue	366m	414.8m
Net profits	†2.01m	10.3m
Net per share	†0.24	0.70

†Loss

DUKE POWER Utility

Fourth quarter	1984 $	1983 $
Revenue	680.2m	593.1m
Net profits	97.9m	89.7m
Net per share	0.81	0.74
Year		
Revenue	2.71bn	2.42bn
Net profits	461.3m	431.3m
Net per share	3.98	3.77

EMHART Mach., h'ware, chemicals, fasteners

Fourth quarter	1984 $	1983 $
Revenue	448m	445m
Net profits	26m	28m
Net per share	0.92	1.04
Twelve months		
Revenue	1.8bn	1.69bn
Net profits	90m	84m
Net per share	3.27	3.06

FIRST CITY BANCORP Bank holding company

Fourth quarter	1984 $	1983 $
Revenue	—	—
Net profits	16.1m	†13.9
Net per share	0.35	†0.52
Year		
Revenue	—	—
Net profits	81m	49.7m
Net per share	1.97	1.23

†Loss

FREEPORT-McMORAN Diversified natural resources

Fourth quarter	1984 $	1983 $
Revenue	216.3m	201m
Net profits	24.92m	22.95m
Net per share	0.36	0.31
Year		
Revenue	842.2m	786.2m
Net profits	94.15m	93.47m
Net per share	1.32	1.32

GLOBAL MARINE Offshore drilling

Fourth quarter	1984 $	1983 $
Revenue	98.2m	100.7m
Net profits	†88.4m	3.6m
Net per share	†2.82	0.09
Year		
Revenue	406.6m	447m
Net profits	†91.2m	49.3m
Net per share	†3.35	1.52

†Loss

GT WESTERN FINANCIAL Savings & loans

Fourth quarter	1984 $	1983 $
Revenue	—	—
Net profits	25.59m	21.4m
Net per share	0.69	0.60
Year		
Revenue	—	—
Net profits	93.94m	73.7m
Net per share	2.60	2.08

HERCULES Diversified chemicals, plastics

Fourth quarter	1984 $	1983 $
Revenue	617.4m	644m
Net profits	44.1m	50.6m
Net per share	0.80	0.91
Twelve months		
Revenue	2.57bn	2.63bn
Net profits	197.2m	174.2m
Net per share	3.54	3.17

HILTON HOTELS U.S. hotels

Fourth quarter	1984 $	1983 $
Revenue	181m	182.2m
Net profits	46m	25.1m
Net per share	1.79	0.94
Year		
Revenue	686.9m	682.9m
Net profits	113.9m	112.8m
Net per share	4.33	4.20

KIMBERLY-CLARK Tissues, newsprint

Fourth quarter	1984 $	1983 $
Revenue	918m	835.6m
Net profits	52.7m	45.8m
Net per share	1.15	1.02
Year		
Revenue	3.62bn	3.27bn
Net profits	225m	188.8m
Net per share	4.94	4.19

NORFOLK SOUTHERN Railroad

Fourth quarter	1984 $	1983 $
Revenue	814.7m	815.7m
Net profits	103.2m	101.3m
Net per share	1.72	1.61
Year		
Revenue	3.53bn	3.15bn
Net profits	482.2m	356.5m
Net per share	7.86	5.67

OLIN Chemicals, metals, paper, ammunition

Fourth quarter	1984 $	1983 $
Revenue	496m	485m
Net profits	12.21m	12.16m
Net per share	0.54	0.51
Year		
Revenue	2.07bn	1.93bn
Net profits	88.75m	71.72m
Net per share	3.81	3.01

OWENS-CORNING FIBERGLAS Glass fibre products

Fourth quarter	1984 $	1983 $
Revenue	766.8m	736.1m
Net profits	33.5m	35.7m
Net per share	1.14	1.23
Year		
Revenue	3.02bn	2.75bn
Net profits	113.8m	87.9m
Net per share	3.87	3.05

Downturn in final period for Motorola and Gould

BY PAUL TAYLOR IN NEW YORK

MOTOROLA and GOULD, two major U.S. electronic component and equipment manufacturers, have both reported lower earnings in the 1984 final quarter.

Motorola, the semiconductor and portable communications equipment group, said its fourth quarter net earnings fell to $87m or 73 cents a share from $95m or 81 cents a share in the year-ago period. Sales increased by 17 per cent to $1.49bn from $1.27bn.

Despite the fourth quarter decline Motorola still managed to post a healthy full year advance in operating earnings to $349m or $2.95 a share from $244m or $2.06 a share. Sales jumped to $5.53bn from $4.3bn.

In the latest year a $38m tax credit resulted in final net earnings of $387m or $3.27 a share.

Gould has recently undergone a major corporate restructuring and made a $54m after-tax provision in the fourth quarter to cover the costs of discontinuing certain businesses. Net earnings from continuing operations in the final quarter declined to $23.2m, or 52 cents a share, from $25.2m, or 56 cents a share. Net sales declined to $251.9m from $342.3m. The sales drop primarily reflects the impact of discontinuing certain operations.

In the latest quarter a $68.2m loss from discontinued operations resulted in a net loss of $45m. This compares with final net earnings of $17.9m, or 23 cents a share, in the 1983 quarter after a $7.3m loss from discontinued operations.

For the full year net earnings from continuing operations were $89.3m, or $1.99 a share, compared with $79.2m, or $1.75 a share, in 1983. Sales increased by about 5 per cent to $1.4bn from $1.33bn.

During the year discontinued operations posted a loss of $71.5m, or $1.58 a share, resulting in final 1985 net earnings of $17.8m, or 40 cents a share.

Canada set to increase pulp exports

By Robert Gibbens in Montreal

THE CANADIAN Pulp and Paper Association (CPPA) has forecast a rise in the industry's exports of about 2 per cent to 21.5m tonnes this year, compared with an increase of about 4.3 per cent in 1984.

The figures assume conservative real economic growth in the U.S.

Newsprint exports should increase by about 1 per cent to 9.1m tonnes, compared with a rise of nearly 7 per cent in 1984, mainly because of a slowdown in demand in the U.S. Canada's share of the U.S. newsprint market will be about 57 per cent against 56 per cent in 1984 – up several points from the 1982 low.

Market pulp exports should rise 2.5 per cent to 7m tonnes, against a slight decline in 1984 because of labour disputes in western Canada.

Printing and writing paper exports, including ground wood printing grades used in the booming North American newspaper insert market, will rise about 6 per cent this year against 13 per cent in 1984.

Packaging paper exports should increase by about 3 per cent. The CPPA sees a slight improvement in profits in 1985.

Quarterly profits up for Bell Canada parent

BY OUR MONTREAL CORRESPONDENT

BELL CANADA Enterprises, which owns Bell Canada, the major telecommunications utility, and 80 non-regulated businesses, including Northern Telecom, had a major increase in earnings in the fourth quarter and 1984 as a whole.

Fourth-quarter net profit was C$261.8m ($198m) or C$1.10 per share, against C$218.5m, or 98 cents, a year earlier, excluding special items. Average shares outstanding were 228m against 211m.

BCE earned C$940.3m, or C$4.03 per share, in 1984 against C$745.2m, or C$3.46, excluding special items.

The company attributed the strong performance to both Bell Canada and Northern Telecom, together with dividend income from BCE's 47 per cent interest in TransCanada Pipelines, the main gas transmission company in Canada. Full results and revenue figures for the year will be available in the first week of February.

Setback for NL Industries

BY OUR NEW YORK STAFF

NL Industries, the U.S. oil service group, reported a $141m loss or $2.33 a share for 1984 after taking a $150.9m writedown in its fourth quarter.

NL Industries was forced to slash its dividend last year as a result of the slump in the oil services business. The company which lost $107.4m in 1983 said its fourth-quarter writedown, equivalent to $2.44 per share, "adjusts the company's petroleum service asset base to a level more consistent with anticipated levels of industry demand."

Excluding the final quarter writedown continuing operations earned $18.1m or 24 cents, on sales of $1.4bn. The result comes after the announcement of a $91.2m loss in 1984 by Global Marine, the third largest offshore drilling company in the U.S.

TWA back in the black after five years

By Andrew Baxter in New York

TRANS WORLD Airlines, the major U.S. carrier has posted net earnings of $29.9m for 1984—its first annual profit before extraordinary gains since 1978—despite a $29.4m fourth quarter loss.

The loss, equivalent to $1.08 a share, compares with net profits in the corresponding 1983 period of $21m or 46 cents a share. But the 1983 period includes a $23.5m extraordinary gain, without which there was a loss of $2.5m.

TWA's yearly profit is equivalent to 17 cents a share and compares with a final net loss of $12.4m or 99 cents a share in 1983. The 1984 and 1983 results included net non-recurring gains of $25.4m and $98.7m respectively.

Revenues rose from $3.35bn to $3.66bn in the year, and from $788.2m to $853.1m in the quarter.

TWA has made operating losses on domestic services of around $480m since 1981, but Mr C. E. Meyer, president and chief executive, said the 1984 results reflected "continuing improvements in our domestic division along with a repetition of the outstanding 1983 performance by our international division."

Contributing factors included the expanding domestic economy and the strong dollar's stimulus to U.S. travel overseas, along with lower fuel prices and concessions on pay from the airline's unions.

● Transworld Corporation, the hotels and food services company from which TWA was spun off last year, lifted 1984 net income to $115m or $3.14 a share from $60.2m or $1.29 from comparable operations in 1983.

Fourth-quarter earnings from continuing operations nearly doubled from $15.1m or 34 cents a share to $29.6m or 74 cents. Revenues rose from $507.7m to $522.8m, taking 1984 revenues to $2bn from $1.9bn.

Bayer and Ciba to end joint venture

By John Davies in Frankfurt

BAYER, the West German chemical and pharmaceutical concern, may take full responsibility for Scheide Chemie, the troubled chemical company which it has run as a partnership with Ciba-Geigy of Switzerland.

Bayer and Ciba-Geigy have agreed to begin negotiations about dissolving their 50-50 partnership arrangement.

The West German group said yesterday that it was too early to give any details of what might be decided, but it indicated it was prepared to carry on alone.

Bayer stressed that Scheide Chemie, based in Brunsbuettel in northern Germany, would continue operations and would be closely bound up with Bayer's own chemical complex at the same site.

Scheide Chemie has invested heavily in plant to produce organic chemical intermediate products, mainly for use in making dyestuffs.

Last year it was forced to shut down a newly built anthraquinone plant because it was no longer considered technically feasible. The plant closure and the latest in the series of run-up costs placed a DM 350m ($110m) burden on Bayer's accounts last year, while Ciba-Geigy has also made a heavy charge against its profits.

Bayer yesterday reiterated its commitment to Brunsbuettel as a chemical site.

Setback for Monsanto

MONSANTO, the fourth biggest U.S. chemicals group, has reported a 43 per cent drop in fourth quarter net income, to $41m or 50 cents a share, from $72m or 87 cents, but for the full year it was able to show a 9.2 per cent rise in net earnings, to $439m or $5.42 per share from $402m or $4.89.

Group sales in the final quarter fell to $1.56bn from $1.65bn. For the year, however, sales were 6.2 per cent ahead, at $6.7bn, against $6.3bn.

Austrian banks agree to curb deposit competition

BY PATRICK BLUM IN VIENNA

IN A move to curb domestic competition, Austrian banks have agreed not to advertise their deposit and savings rates. The move was described by one banker yesterday as "extraordinary, taking banking back to the Dark Ages."

The decision is part of a package of measures drawn up by a group of senior bankers and financiers, to regulate competition in an effort to take the pressure off bank profits. Austrian banks have some of the lowest profit margins among OECD countries.

Dr Franz Vranitzky, the Finance Minister, and the Austrian national bank have become increasingly concerned about uncontrolled competition among the banks.

Dr Vranitzky warned the banks to put their house in order or face the possibility of Government intervention. The national bank had warned that it would cut refinancing funds to the banks unless they took action.

INTL. COMPANIES & FINANCE

Pru to sell 49% of Malaysian operation

By Wong Sulong in Kuala Lumpur

PRUDENTIAL ASSURANCE, Britain's largest life insurance group, is restructuring its Malaysian operations in compliance with the Government's New Economic Policy (NEP).

Lord Carr, Prudential's chairman who is in Malaysia, disclosed that 49 per cent of the Malaysian company would be sold to locals over the next few months.

Prudential will control 51 per cent of the company until 1987, when its stake will be reduced to 40 per cent. It will be brought down to the NEP's requirement of 30 per cent by 1990.

The Malaysian partners are Tan Sri Hamzah Sendut, a well-known town planner and director of the ICI companies in Malaysia, who is taking up 15 per cent, Mr Mohamed Ibrahim Zain, chief executive of Oriental Bank (15 per cent) and Mr Yeap Leong Aun, executive director of Ban Hin Lee Bank (19 per cent). The price of their stakes was not disclosed.

Prudential Assurance of Malaysia has a paid-up capital of 10m ringgit (US$4m) and had premium income of nearly 16m ringgit for 1983. It has more than 300 agents.

Everite down at six months

By Jim Jones in Johannesburg

EVERITE, the South African asbestos products group which is 35 per cent owned by the Eternit group of Switzerland, suffered an earnings setback in the first six months ended December 31 because of a decline in building activity and generally adverse economic conditions.

As a result of acquisitions first half turnover increased to R117.8m ($51.2m) from R103.2m. However, operating profit before interest and tax slipped to R20.3m from R21.9m. In the year ended June 1984 turnover was R235m and operating profit R48m.

First-half earnings per share dropped to 47.5 cents from 59 cents but the interim dividend has been maintained at 20 cents.

TDK lifts group earnings by 20% on higher sales

BY JUREK MARTIN IN TOKYO

TDK, the world's largest supplier of magnetic tapes, increased its group profits by 19.9 per cent last year, thus continuing its improvement from its disappointing performance of 1982.

In the year ended November, net earnings rose to Y32.25bn ($127.3m) from Y26.9bn on sales of Y416bn (Y346bn previously).

Earnings per common share and per American Depositary receipt went up to Y294.75 and Y589.51 from Y245.84 and Y491.68 respectively.

The company attributed the surge in sales to the high demand, in Japan as well as overseas, for electronics materials and components used in household appliances, cars, communications equipment and televisions. Sales growth for these products was 31 per cent last year.

Unlike many other Japanese companies specialising in electronics, however, this advance was not largely dependent on foreign, particularly U.S., demand. Overseas sales rose by 19.5 per cent (to Y197.14bn from Y164.85bn), but this was slightly less than the overall 20.1 per cent turnover increase and as a result the overseas share of TDK's sales slipped fractionally to 47.4 per cent from 47.6 per cent.

A further breakdown in of the sales composition demonstrates the extent to which TDK has been diversifying its product mix away from its long time staple, magnetic recording tape. This market, a victim of oversupply two years ago, is now characterised by savage price cutting as the major Japanese consumer electronics concerns (including JVC, Matsushita and Sony) have begun full scale manufacturing.

In 1984, sales of magnetic tape rose in unit volume by 30 per cent but, with the average price for a video tape falling by 17 per cent year-on-year, its value rose by a more modest 9.5 per cent, to Y193bn from Y176bn. This was the smallest increase of any of TDK's product sectors and means that the proportion of tape sales to overall sales fell to 46.3 per cent from 50.8 per cent in 1983.

Danish insurer to go public

BY HILARY BARNES IN COPENHAGEN

TOPSIKRING, Denmark's second largest non-life insurance business, plans to carry out a process of "demutualisation" this year, converting itself into a joint stock company with a listing on the Copenhagen stock exchange.

According to Mr Henning Brik, the managing director, Topsikring will be the first European company to undertake such a conversion. The insurer's premium income in 1984 was DKr 1.7bn ($149m) in non-life and DKr 200m in life business. Its equity capital is DKr 850m.

Policyholders, who are the mutual owners of the company at present, will be offered shares in a parent company, Top Denmark, in relation to premiums paid over the past five years in the case of non-life insurance or the share of life policies held in the reserves of the life company.

The nominal value of the share capital in the holding company will be DKr 100m. Mr Brik said he expected the market price to settle down at between DKr 500 and DKr 700 per DKr 100 share.

Victoria Barracks back on market

HONG KONG—Hong Kong's Department of Lands' withdrew from sale more than two years ago when bids for the site did not meet government expectations.

Mr Duncan Scott-Will, a government land agent, said the property, known as Victoria Barracks, would probably be listed for auction in the semi-annual catalogue of sites the Government is prepared to sell.

Mr Scott-Will said that the Government planned to offer the land—for commercial or hotel development—in four adjoining sites, each comprising between 500 and 6,000 square metres.

AP-DJ

Bahrain bank to maintain payout despite downturn

BY MARY FRINGS IN BAHRAIN

NATIONAL Bank of Bahrain, which is 49 per cent government-owned, is maintaining its 1984 dividend at the previous year's level of 30 per cent, despite decline in net earnings to BD 10.74m ($28.5m) from BD 12.54m.

Total assets (excluding contra accounts) increased by 14 per cent to BD 639m and the return on average assets of 1.8 per cent compares with 2.49 per cent in 1983 and 2.74 per cent in 1982.

Results of NBB's domestic operation (80 per cent of total) are consolidated with those of its offshore banking unit (OBU) and branch in Abu Dhabi, but exclude interbank transactions.

Although this is the first time in more than 10 years that NBB has not improved its profit, Mr Ahmed Ali Kanoo, the chairman, said the result was better than expected given the prevailing economic climate. The net earnings figure reflected a deduction of BD 1.5m to provide for bad and doubtful debts and BD 500,000 against decline in the value of local share investments. Operating expenses, which would otherwise have been held below the 1983 level, included BD 500,000 for commercial registration fees—up from BD 10,000.

Rules waived on HK deal

HONG KONG — Hong Kong Securities Commission's committee on takeovers and mergers said yesterday it had agreed to waive certain takeover rules in allowing Hutchison Whampoa to buy Hongkong Land's 34 per cent stake in Hongkong Electric Holdings.

The HK$2.9bn (U.S.$372m) sale, announced Tuesday, drew the Government's attention because both Hongkong Electric and an associate company of Hutchison own substantial stakes in International City Holdings (ICH). Under Hong Kong law, a company cannot obtain more than 35 per cent of another concern's stock without making an offer for the entire company.

Hutchison is a sister company of Cheung Kong (Holdings), which owns about 32 per cent of ICH and Hongkong Electric *owns 34.6 per cent. By* purchasing 34 per cent of Hongkong Electric, Cheung Kong effectively would acquire the equivalent of a further 11 per *cent of ICH.*

AP-DJ

JAPANESE COMPANY RESULTS

DAI NIPPON PRINTING

Six months to	Nov '84 Y	Nov '83 Y
Revenues (bn)	337	308
Pre-tax profits (bn)	26.68	24.17
Net profits (bn)	12.26	11.54
Dividend	5	5
PARENT COMPANY		

FUJI-XEROX
ELECTRONIC OFFICE EQUIPMENT

Year to	Oct '84 Y	Oct '83 Y
Revenues (bn)	304	265
Pre-tax profits (bn)	30.67	26.2
Net profits (bn)	12.24	11.13
CONSOLIDATED		

MITSUSHITA-KOTOBUKI ELECTRONICS
VIDEO CASSETTE RECORDERS

Year to	Nov '84 Y	Nov '83 Y
Revenues (bn)	336	226
Pre-tax profits (bn)	48.5	27.9
Net profits (bn)	16.1	10.6
Dividend	12.5	12.5
PARENT COMPANY		

ORIENT LEASING

Year to	Sept '84 Y	Sept '83 Y
Revenues (bn)	415	395
Pre-tax profits (bn)	5 99	8.26
Net profits (bn)	3 25	3 12
Net per share	66 83	72.20
CONSOLIDATED		

TOPPAN PRINTING

Six months to	Nov '84 Y	Nov '83 Y
Revenues (bn)	288	264
Pre-tax profits (bn)	18 62	16.33
Net profits (bn)	8.56	7.81
Net per share	18.10	17.16
Dividend	4.5	4.5
PARENT COMPANY		

TRIO-KENWOOD
AUDIO EQUIPMENT

Six months to	Nov '84 Y	Nov '83 Y
Revenues (bn)	47.25	41 67
Pre-tax profits (m)	811	385
Net profits (m)	400	215
Dividend	2.50	—
PARENT COMPANY		

Company Notices

FT COMMERCIAL LAW REPORTS

Trade union carries burden of members's litigation

BOURNE v COLODENSE LTD.
Court of Appeal (Lord Justice Lawton, Lord Justice Griffiths and Lord Justice Dillon): January 23 1985

WHERE A trade union, acting within its powers, encourages and finances one of its members to bring an injuries action as a test case against his employer, he is entitled to be indemnified by the union for costs awarded against him in that, in the circumstances, he must have litigated on the understanding that it would pay.

The Court of Appeal so held when allowing an appeal by Colodense Ltd from a decision of Sir Neil Lawson, sitting as a deputy High Court judge. The judge had discharged an order for appointment of a receiver to bring proceedings on behalf of Mr Frank Albert Bourne in a claim against his union, the National Society of Operative Printers Graphical and Media Personnel (Natsopa, now known as Sogat '82).

* * *

LORD JUSTICE LAWTON said that Mr Bourne was employed in the printing shop of Colodense's factory at Bristol. Before 1973 he and others working in the shop began to develop persistent coughs and other kinds of bronchial ailments which they believed were caused by Colodense's negligent use of a toxic substance.

In 1973, Mr Bourne applied to his union for assistance in obtaining compensation from his employer. He authorised the union, and any solicitor it saw fit to instruct, to act on his behalf.

The union was concerned about the welfare of its members. On March 19 1976 its solicitor issued writs on behalf of Mr Bourne and 11 other union members employed in the printing shop. Mr Bourne's case was treated as a test case.

On February 19 1978, after a 42-day trial, judgment was given for Colodense with £50,841 costs. Mr Bourne did not pay them. With interest the amount now owing was about £79,000.

Mr Bourne was elderly and had no assets. Neither execution nor bankruptcy would produce anything for Colodense.

As the litigation was financed by the union, Colodense believed that it had given Mr Bourne to understand that it would indemnify him against any order for costs which might be made against him.

It applied for a receiver to be appointed to bring proceedings claiming indemnity against the union. The order was made, but on appeal it was discharged by Sir Neil Lawson sitting as a deputy High Court Judge. Colodense appealed.

Mr Sedley, for Mr Bourne, accepted that for at least the past 30 years it had been the practice of trade unions when they financed personal injury claims, to pay the costs if the claims failed.

In *Carr v Allen Bradley [1980] ICR 603* Mr Justice Waterhouse said that "trade unions have shouldered the burden, despite the fact that the form of order is always against the litigant himself rather than the trade union, to enable their members to sue without fear of financial penalty" (see also: *Hill v Archbold [1968] 1 QB 686,695*).

The union in the present case did not put its solicitor in funds to pay the costs. After Colodense had issued the summons for appointment of a receiver Mr Bourne, by affidavit, stated that he was aware that he had the right to apply for assistance with costs, but had decided that "under no circumstances" would he do so.

He said: "I am aware that the defendants have the right to enforce their order for costs against me personally. My strong feelings against the defendants do not arise only out of the fact that I failed in my action."

No express or implied undertaking had been given by the union to pay Mr Bourne's costs. The question was whether, having regard to all the circumstances, there must have been an understanding, amounting in law to a contract, that the union would discharge any liability.

When Mr Bourne agreed to accept the union's assistance, it was on such an understanding. It was inconceivable that a sick, elderly, married man, who had lost his job through ill-health, would have become involved in the litigation without being assured that the union would stand behind him in all circumstances.

Mr Sedley submitted that under its rules, the union could not properly give Mr Bourne financial assistance without his having requested it.

The rules were far from clear. They must be construed as they would be understood by the members (see *eaton Transport [1973] AC 15,100-101*).

The objects of the union were set out in rule 2. The egneral effect was for the union to try to look after members' interests at work, in sickness, old age and adversity. One circumstance of adversity was when a member required legal advice.

Rule 2(g) provided that assistance was to be made available "to members instituting legal proceedings in connection with matters pertaining to their employment or securing compensation to them for injury by accidents."

Members would construe that rule as meaning that the union would stand by them if they had to institute legal proceedings—and standing by them would not mean deserting them when faced with an order for payment of costs.

Sub rules (k) and (l) enabled the union "(k) to . . . generally do all things which a trade union may lawfully do. (l) To take any steps considered necessary in the opinion of the Executive Council to achieve any of the preceding objects . . ."

Unions could lawfully indemnify their members against all risks arising out of litigation. Sub-rule (l) gave the Executive Council a wide discretion to do what, in its opinion, was necessary to achieve any of the specific objects in rule 2.

That would include indemnifying against all litigation risks a member who was being put forward in a test case for the benefit of a number of other members.

The rule which Mr Sedley submitted prevented the union from discharging Mr Bourne's liability for costs, was rule 33(E). Sub-rule 2 provided that applications for benefit were to be placed before the Executive *Council which should give* directions as to the nature and extent of any assistance "provided that at the termination of legal proceedings . . . a member may apply for assist*ance or further assistance if as* a consequence of such proceedings the member is under any liability for costs or damages . . ."

The question was whether the *words starting "provided that"* limited the Executive Council's powers. They dealt with situations in addition to those in which an application for legal assistance had been granted under the first part of the paragraph.

Sub-rule 3 gave a specific power to refuse further assistance if the member had been adjudged guilty of specified kinds of misconduct.

The latter part of sub-rule 2, and sub-rule 3, did not in any way restrict the Executive Council's power to give assistance to whatever extent it considered necessary for achieving the union's objects — and one of them was securing compensation to its members for injury by accident.

It followed that the full indemnity which his Lordship was sure the Executive Council gave to Mr Bourne was not *ultra vires* the union.

Mr Sedley submitted that even if the union did agree to give Mr Bourne a full indemnity, the receiver would take over a "bare right of action" which, subject to some exceptions, was not assignable.

Before *Trendtex v Credit Suisse [1982] AC 679* it was arguable that one of the exceptions was a debtor's assignment of a right of action to his creditor. In that case however, Lord Roskill said at page 703 that "an assignee who can show that he *has a genuine commercial* interest in the enforcement of the claim of another . . . is entitled to enforce that assignment . . ."

Colodense clearly had a commercial interest in the enforcement of such rights as Mr Bourne had against his union.

If it could not enforce its rights through the receiver, it would have no more than a worthless order for costs in its favour. Unlike the assignment in *Trendtex* it was not trying to get out of the union more than it was entitled to under the order for costs.

The appeal should be allowed.

Lord Justice Griffiths agreed. Lord Justice Dillon gave a concurring judgment.

For Colodense: John Slater and Jonathan Waite (Kennedys).

For Mr Bourne: Stephen Sedley QC and Paul Norris (OH Parsons).

By Rachel Davies
Barrister

THE PROPERTY MARKET BY MICHAEL CASSELL

Bell bid bails out Daon

DAON Development Corporation, the Vancouver-based property group, might have won its long struggle for survival but this week it lost its independence.

The group, which raced through the ranks of North American property developers before falling over its own feet, finally seemed to be on the way back up. But just when the worst appeared to be over, along came Monday's C$169m recommended bid from Bell Canada Enterprises.

In 20 years, Daon rose from nowhere to claim a place alongside other real estate giants like Cadillac Fairview, Trizec and Olympia and York. It went public in 1969 and stepped up a development programme which was eventually to extend from Alberta to southern California.

Daon's rapid growth — from 1977 to 1981 its assets rose fivefold to C$2.3bn — was built by using debt to finance clever property and land deals in an inflationary market. In 1981, soaring interest rates and weakening property markets spelled the end of the success story and by 1982 the group was running into heavy losses.

Total debts touched nearly $2bn and while an emergency property disposal programme went into top gear, a massive financial restructuring operation involving its creditors got underway. Few observers gave the group any chance of survival but by 1984 the corner had been turned and Daon was able to say that a British-backed rights issue, planned as part of the restructuring, might no longer be necessary.

Last summer, Daon reported a "dramatic turnaround" in its performance. The programme of asset disposals continued and in the autumn it sold three major shopping centres in Alberta for C$240m. Land sales in the U.S. raised over C$150m last year. By last October, group property assets were down to C$936m — two thirds of them in the U.S. and half what they were at the peak. A month ago, the group announced a net profit of C$50m for the year to October 1984, against a previous C$35m loss.

In his last annual report, co-founder and president Jack Poole claimed Daon was in a position to withstand all but the most severe economic downcycle and said he looked forward to a bright 1985. So why, along with fellow co-founder Graham Dawson, is he selling out?

The truth must be that, in spite of the improved outlook for Daon, the road to recovery and a return to the heady days of the late 1970s remains a very long one. Last year's results, encouraging as they appeared, were to some extent distorted by the recovery of income tax and the benefits of its Alberta property sales.

In spite of the emergency treatment, the patient still looked very ill at the end of 1984. With total group assets standing at C$1.3bn, liabilities were not far behind at C$1.1bn. Given that the financial restructuring package only runs until October 1986, Daon could hardly claim to be out of the woods.

The still uncertain future, together with the unhappy past, is clearly reflected in the terms which shareholders are being asked to accept. The C$3 a share on offer compares with a 1981 high of over C$13, though the price at one time fell under C$1 and was standing at C$2.61 at last week's suspension.

For Bell Canada, one of the country's strongest financial corporations, the acquisition of Daon hands it a ready-made real estate arm. Last year it formed BCE Realty to manage its growing real estate business and, in partnership with Oxford Development Group, is developing a 1m sq ft office complex in downtown Toronto. It has also purchased a Toronto office tower.

Bell says it has no intention of disturbing the Daon team— "It's clearly a very competent management" but it can clearly provide some badly needed financial clout.

Part of the deal is that Poole remains as president and chief executive officer and he also intends to retain about 4.5m of his 6m shares in the group. There could be no greater incentive for him as he helps Bell to pull his baby through.

Kershaw quits at London Bridge City

THOUGH no-one involved will admit it, Peter Kershaw's decision to quit as the man in charge of one of Europe's biggest development projects represents the end of an increasingly fraught relationship with St Martins Property Corporation.

Kershaw's resignation as executive director of St Martins, where he was in charge of the £350m London Bridge City scheme on the south bank of the Thames, comes just when the results of his endeavours are rising out of the ground. Work on the first 800,000 sq ft phase is well under way and completion is due in the late summer of next year.

Kershaw, who is joining Stuart Lipton's Stanhope Securities to oversee the £250m redevelopment of Liverpool Street and Broad Street stations, has very clearcut, progressive ideas about project management and it appears his style was not fully appreciated by other members of the St Martins team.

As a close colleague put it "Peter has an aggressive, American-style approach to project management, very much in the Lipton mould. It was an approach which, in the end, simply didn't fit at St Martins."

Despite the good progress being made on the immensely ambitious project, the relationship continued to deteriorate and Kershaw decided to call it a day. Liverpool Street will hardly be any less of a challenge and Lipton will be delighted to welcome back a former colleague. The two worked together at Greycoat Estates during the development of Cutlers Gardens in the City.

Over at St Martins, the gap left by Kershaw's sudden departure is being filled by Malcolm Savage, St Martin's chief executive (Property). Savage says Kershaw's role was to set up construction management techniques for the project, which he had successfully accomplished. We are very sorry to lose him but part the best of friends.

As for London Bridge City, the success or failure of which is a matter of intense interest for the property market north of the Thames. Savage reports inquiries totalling more than 9m sq ft and involving over 100 companies. So far, however, none of them has signed on the line, although these are still very early days. Savage says there are two or three "very strong" inquiries from potentially major tenants.

Apparently, the major pre-let announced when the project was unveiled in October 1983, still stands. But Savage says the details of the mystery letting have changed and that he intends to be even more circumspect than before when it comes to providing details.

FT buys freehold

In a rare transaction, the City of London Corporation has sold to the Financial Times the freehold of the newspaper's headquarters building in Cannon Street.

The Corporation is one of the largest property owners in the City and is normally reluctant to part with freeholds. But, after prolonged negotiations, it has accepted a £3m offer from the Financial Times for the freehold of Bracken House.

The listed building, on an island site close to St Paul's Cathedral, was held on a 99-year lease from the Corporation, granted in 1959. The ground rent was fixed at £20,000 a year.

Mr Frank Barlow, chief executive of the Financial Times, said the newspaper planned some alterations to the building to accommodate its changing requirements but that it felt it could not justify such expenditure unless it held freehold ownership. He emphasised that the majority of the company's operations would remain based at Bracken House.

● Urban Land Properties and W. A. Blackburn have submitted plans to the London Borough of Havering for a £30m office and retail scheme at Romford railway station. The project, to be carried out in conjunction with British Rail Property Board, would provide 94,000 sq ft of offices and a DIY superstore.

Prudential ready to go in Reading

AFTER A five-year planning battle, the Prudential appears to be on the verge of winning approval for its £40m office scheme at Reading railway station.

The 208,000 sq ft project was halted by objections from Berkshire County Council, which withdrew them last November. Now the Department of the Environment has said it does intend to call in the application and Reading council is expected to give the go-ahead next month. Work should start in late summer.

● Institutional investment in UK commercial property totalled £394m in the third quarter of 1984, according to government figures released this week. In the third quarter of 1983, the total was £340m. The figures bring the total spend for the first nine months of 1984 to £1.1bn compared to £1.06bn in the same period of 1983. Investment by insurance companies in the third quarter of last year amounted to £236m against £172m in the same period a year earlier while pension fund investment stood at £115m against £142m in the third quarter of 1983.

● Public real estate syndicators in the U.S. raised a record $5.7bn in 1984, according to Stephen Roulac, the San Francisco-based real estate advisors. The record figure was reached despite uncertainties caused by Treasury Department tax proposals.

● The Bedford Estates have let their refurbished 9,900 sq ft office building at 43-49 Russell Square to Heery (Europe). Asking rental of about £120,000 a year was realised through letting agents Elton and Partners and Chestertons.

● Wandsworth council has approved the proposed redevelopment by Compact Retail Developments on the Falcon Lane goods yard site at Clapham Junction. Included will be 100,000 sq ft of offices for the Public Services Association and a shopping arcade. Anthony Green acted for Compact, which acquired the site last year from British Land.

● Drivers Jonas has been appointed to value the Welsh Development Agency's entire property portfolio. The Agency was established in 1976 and has since developed 7m sq ft of commercial floorspace. The total portfolio now stands at over 20m sq ft and.

● The Basingstoke office market is looking "exceptionally buoyant," according to L. S. Vail, the agents, who expect top rents this year to rise from around £10.50 a sq ft to £12.

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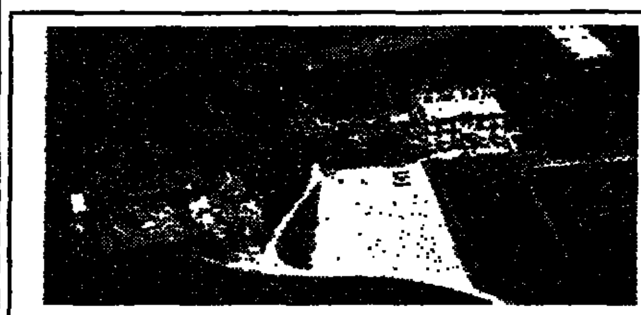

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UK COMPANY NEWS

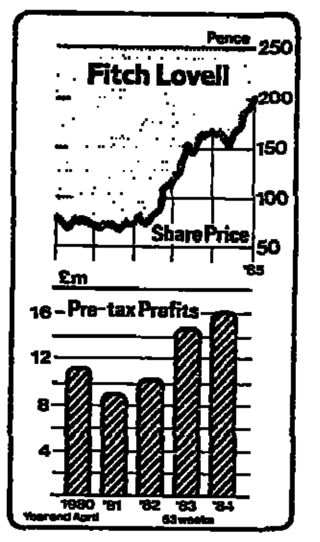
Rise in pig prices cuts £0.6m from Fitch profits

A RISE in pig p rices to "unprecedented levels" has brought about a £0.61m fall in interim taxable profits at Fitch Lovell, but the drop would have been more than £2m were it not for the "good progress" made by other important subsidiaries.

Mr Geoffrey Hankins, chairman and chief executive of this food manufacturer and distributor, says that there are now positive signs that pig prices are falling, but it is still too early to assess exactly when normal conditions will return. He calls the profit dip "disappointing" — the 28 weeks to October 27 1984 produced £7.02m pre-tax against £7.63m.

In certain major subsidiaries the additional costs associated with the rising pig price could not immediately be recovered in selling prices, depressing profits by over £2m. Advances by other offshoots — particularly frozen foods, the specialist distribution companies, and the group's acquisitions—narrowed the shortfall. The chairman regards the progress made here as significant for the future.

The directors have declared a 0.5p increase in the interim dividend to 3p net per share—they believed for some time that a higher proportion should be paid at the interim stage. Such an adjustment now is "particularly appropriate" having regard to the group's liquidity position." Earnings per share are quoted down from 8.27p to 7.14p. The payment last time totalled 9.2p.



Group sales, before taking into account acquisitions and disposals during the period, advanced by nearly 10 per cent, says the chairman. When these are included, group turnover is shown at £340.54m against £249.38m. Interest charges took £1.09m (£944,000), and there was a £255,000 contribution from associated companies last time.

The tax charge was virtually unchanged at £2.03m, and ordinary dividends will account for £2.12m (£1.72m), allowing the group to retain £2.85m (£3.87m).

Commenting in detail on the half-year's trading, Mr Hawkins says that under the impact of difficulties in the pig market the profit of Millers, Robirch and Lovell & Christmas (Ulster) declined substantially. Turners and Truran & Tarr, the two newly-acquired convenience and chilled food manufacturers, were able to withstand the raw material cost pressures and both advanced strongly in the sale of new ranges of added value products.

● comment

With high pig prices affecting both demand and margins, this hiccup in Fitch Lovell's impressive growth trend over the past couple of years comes as no surprise given that around half the group's earnings derive from pork-related products. The big question is whether the latest easing in pig prices will hold or, as the company hopes, will continue to fall, a judgment difficult to make as pig prices are as unpredictable as most other commodities. This clearly imposes an element of caution over the short-term outlook and explains why the company ducks a comment for the second half, preferring to take the longer view. With the rest of the business benefiting from remedial action and continuing growth, this suggests that profits may well mark time this year or perhaps just get to £16.5m. On this basis with a historical tax charge, the prospective multiple is 13 on a share price at 199p, down 10p, a rating with a small premium to the sector. On pure trading grounds this is difficult to justify at the moment but there is some support from bid speculation.

Bass 'gains market share every month'

IN THE past few weeks beer volume sales at Bass have continued to improve and profits for the first quarter of the current financial year show a "material" improvement over the corresponding months of 1983/84.

Revealing this at yesterday's annual meeting Mr Derek Palmar, the chairman, said lager was continuing to do well and ale was ahead. He was not prepared to give volume breakdowns but pointed out that the group was "gaining market share every month."

Shareholders were told that the group was firmly in favour of a relaxation of licensing laws.

Mr Palmar said: "It is our view that relaxation is something that many of our customers want and we are therefore in favour of some relaxation."

In general terms, Bass hoped that the laws would be relaxed so that each individual pub could meet its local requirements.

The chairman added: "Until a change in the licensing laws has been passed by Parliament no good purpose would be served by discussing possible changes with our tenants and managers.

"We are, however, confident that our present procedures and agreements will cover any change ifandwhen itismade."

Meanwhile, London-based Bass is continuing with talks that could give it its first foothold in China. Mr Palmar disclosed that the group was currently involved in exploratory discussions on advising on the modernisation of a brewery near Peking.

At Vaux Breweries AGM the directors said they were "cautiously optimistic" about prospects for the coming year.

They added that the company was currently planning a new livery and undertaking a further advertising campaign to increase its market share in the north east of England.

The meeting was told that no takeover approach had been received. In the event of a bid being made the directors said they would "fight any unwelcome attack with all the weapons at their command."

Confident KLP gains clients

THE KLP Group has made substantial progress in its first full year as a public company and new client gains and a continuing increase in sales promotion expenditure have provided a "confident" start to the current year.

A final dividend of 1.5p lifts the net total to 2.5p net per 5p share, a 56 per cent improvement on the previous year's single payment of 1.6p.

Pre-tax profits for the year to September 30 1984, rose from £548,000 to £841,000, an increase of 53 per cent, while turnover improved from £5.54m to £9.88m, an advance of 69 per cent.

KLP is the UK's largest independent sales promotion consultancy. Along with its results it says it is spending up to £300,000 on the acquisition of Robert Guy Services.

● comment

When KLP joined the USM in the summer of 1983 the potential to use its paper to fund acquisitions was of prime importance. Robert Guy marks the beginning of that strategy. Guy can make £100,000 a year pre-tax and has been bought for a multiple of under 3½ times its earnings. No doubt KLP, on a historic rating of 33½, would have been more than happy to fund the whole purchase with equity. But as good a deal as this may appear, it is a relative minnow and the group will be looking for something more substantial before very long. The market has become increasingly international in concept and there is no reason to suppose that sales promotion will not go the same way. The group already has a significant position in the UK and given the recent creation of 75 per cent owned KLP International, the pointers seem pretty clear towards an overseas purchase. Yesterday's figures, meantime, endorse the market's enthusiasm for the stock. At a time when the sales promotion sector is growing by around 15 per cent KLP's sales are up 70 per cent and profits by 53 per cent. Undoubtedly the kudos of a quote has helped attract business but that is a short term feature and growth of 35 per cent might seem a more realistic expectation over the next couple of years (acquisitions excluded).

Alison Hogan looks at the revamp of a capital-starved business

Renold brought back from the brink

RENOLD, A maker of power transmission products and machinery, is raising £9m through a 3 for 5 rights issue and effecting a capital reconstruction, which will allow it to resume dividend payments, in the next financial year.

A new management team led by Mr Nigel Blakstad has, in three years, brought the company back from the brink of closure, through drastic reorganisation including factory disposals and halving the labour force to around 5,000.

The company's two main businesses, the manufacture of chains where it is still a world leader, and of gears were suffering from gross overcapacity, according to Mr Blakstad. The businesses had been starved of capital investment which management is working fast to remedy.

Renold used to be a strongly centralised company, with its headquarters in Wythenshawe, Manchester. Mr Blakstad has completely reversed the administrative structure pushing responsibility down the line, giving each division much greater autonomy, with its own managing director and sales force.

Reconstruction costs led to gearing of 100 per cent debt to shareholders funds of £41m at the end of the year. The £9m rights issue will bring the figure to under 70 per cent and increase the company's flexibility to continue its programme of capital investment and new product development.

The company expects to finance further investment out of earnings so that borrowings should continue to come down.

The directors forecast a pre-tax profit of £4m for the year to March 1985. The company made £1.4m in the six months to November, the first profit since 1981 when it made a modest £2.9m compared with £14.1m in 1977.

Shareholders will receive details of the capital reconstruction, approved by the courts, with the rights issue document. The £1 stock units have been converted into 25p shares. The reconstruction in effect, has been to eliminate the £22.85m distributable deficit. The directors intend to resume payment of ordinary dividends in the next financial year ending March 1986.

Total dividend for the year is expected to be at least 2p net. The directors say this should be a level "which should represent a major step towards restoring to ordinary shareholders a reasonable return on their investment."

In the traditional chains and gears areas, the company will be updating machinery and technology to give it greater productivity and flexibility to respond to customer requirements.

Renold sees the greatest growth potential in newer, higher technology business. The proportion, already accounting for around 20 per cent of turnover, is expected to rise. The company yis increasing research and development spend by 20 per cent this year.

Within the Manesty division, which makes pharmaceutical equipment, products include a pill and tablet-making machine and packaging machine. Overseas buyers include China which is beginning to produce the contraceptive pill in large quantities.

Mr Nigel Blakstad . . . leading Renold through a drastic reorganisation

Renold, already a major manufacturer of rotors, is now selling a new range of rotor milling machines. Another new range which the group has developed consists of low-cost, high-performance hydraulic motors and electronic variable speed drives.

News of the £9m rights issue was well received in the market and the shares rose 2p to 55p. The merchant bank J. Henry Schroder Wagg has underwritten the issue of 24.2m shares of 25p each at 39p per share.

Allied Textiles advances to £4m and cash grows

CONTINUING progress shown at the halfway stage, Allied Textiles Companies showed an advance in pre-tax profits from £3.5m to £4.17m for the year to the end of September 1984, with £2.57m, against £2.01m, coming in the second half.

The pre-tax figure included a rise in textile profits from £2.34m to £3.22m aon sales up £6m to £32m. Realised gains or income received from financial activities slipped from £1.16m to £0.92m.

Unrealised gains in the balance sheet came to £1.72m (£1.19m). Cash and investments stood at £17.7m (£12.4m) with a market value of £19.45m (£13.56m).

The final dividend has been raised from 4.42p to 5.14p, which lifts the total from 7.24p to 7.96p. Earnings per share are shown down 8p to 31.4p. A one-for-10 scrip is also proposed.

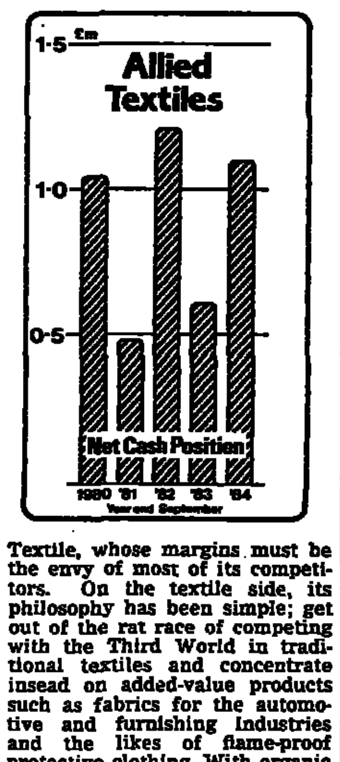
Turnover of this Huddersfield-based manufcturer, processor and distributor of textile products, grew by £5.9m to £31.96m. The group also has interests in leasing and property.

Tax for the year amounted to £1.58m, compared with £256,000, after which extraordinary credits came to much less at £768,000 against £2.49m last time, including charges of £230,000 (£433,000).

At the halfway stage the directors said that the turnover of textile businesses had risen and yielded increased profits of £1.23m (£0.89m). Unrealised gains on financial investments increased from £1.04m to £1.42m at the end of March 1984.

Improvement in the textile business was then being sustained, although the directors said that production in the second half would be diminished by spring and summer holidays. The value of the financial investments continued to apreciate.

For the 1982-83 year a breakdown of turnover of £26.06m (£27.77m) showed: UK £19.63m (£18.82m); continental Europe £3.12m (£3.25m); the Middle East £1.2m (£3.29m); the Far East £1.49m (£1.67m) and other areas £627,000 (£746,000).



● comment

It is difficult to fault these excellent results from Allied Textile, whose margins must be the envy of most of its competitors. On the textile side, its philosophy has been simple; get out of the rat race of competing with the Third World in traditional textiles and concentrate insead on added-value products such as fabrics for the automotive and furnishing industries and the likes of flame-proof protective clothing. With organic growth across the board, the formula clearly works, helped along in fine style by the weakness of sterling, which has helped exports to countries such as the U.S., Japan and Germany pitch in up to half of overall textile sales. On top of this is a cash pile and investment portfolio with a market value of nearly £20m which also brings in more than loose change and gives a solid 240p support to the 329p share price. Not a bad position to be in, but it must surely be getting to the stage where some of this should be diverted to a trading environment in which the company can work its magic. The problem is that the company's standards are so demanding that there may be nothing out there to tempt it. The shares, in contrast, look undemanding on a multiple of 10.5.

Framlington's novel route to self-employed pensions

Framlington Group, a leading unit trust company, is expanding its investment operations into the self-employed pensions field with the launch of its subsidiary, **Framlington Life Insurance.**

Framlington have for some time wanted to offer its unit trust funds for pensions investment. However, only life companies can market personal pension policies to the self-employed and other employees in non-pensionable employment.

Other unit trust groups have got round this obstacle by linking up with established life companies. Framlington has taken the unusual route of forming its own life company.

Its first product is the **Framlington Personal Pension** — a single premium plan — and it comes in two forms. Investors can either put 100 per cent of their premium into units, in which case the death cover is the value of the units, or they can invest 97 per cent in units and have a guaranteed minimum death cover.

Investors have a choice of nine unit trusts with the group, plus a managed fund, where Framlington mixes the investment in a spread of trusts or in a cash fund. There are switching facilities between funds—on a bid to offer basis less a 3 per cent discount on the offer price of the new units.

Framlington is marketing its new product in a similar manner to its unit trusts—by media advertising and through its existing agency channels. But since Framlington is paying just its normal unit trust marketing allowance of 1¼ per cent, less than half that paid by other life companies, it does not expect much business from insurance intermediaries.

The company is looking at means of expanding its pension products into the field of additional voluntary contributions (AVC), and it has a ready-made vehicle for marketing personal pensions when the system becomes operational. But it has no intention as yet of expanding fully into the life field.

● comment

Life companies, in their early years, are notorious for consuming vast amounts of capital in order to get the operation off the ground. Framlington's new venture in life assurance should give shareholders few fears of a cut in profits. It has taken Framlington two years to set up the company and thes ecosts have been met along the way out of current revenue. The £500,000 capital requirement of the Department of Trade and Industry has been met out of the money raised when the company went public two years ago. And the company is marketing a single premium pension plan with minimum life cover that is self-financing. The main costs are the £80,000 needed for its promotion exercise—costs that are covered if it sells £3m of premium by the end of its financial year on June 30 1985. This target should be within easy reach of the company given its low cost structure and investment reputation. Indeed the new business plan submitted to the DTI envisages £5m—of sales as an optimistic projection—at which level pre-tax profits of £60,000 would be added to the forecast £1.8m for the year. But analysts feel that £15m is within reach adding profits of £350,000. A more modest £10m of sales would add £200,000.

Unlisted placing to value Bluebird Toys at £5.3m

BY STEFAN WAGSTYL

Bluebird Toys, a company which makes the Big Yellow Teapot and other toys for toddlers and young children, is going public with a stock market capitalisation of about £5.3m.

Broker Simon and Coates is bringing Bluebird to the Unlisted Securities Market, placing 1.47m shares at 90p each. Of these, 600,000 are new shares sold to raise £433,000 net for the company.

The other 871,000 shares are being sold by the directors and their institutional backers, primarily by the company's founder, chirman and chief executive Mr Torquill Norman. After the placing, the board's stake in Bluebird will fall to just over 37 per cent, including Mr Norman's interest of just under 28 per cent. Slightly less than 25 per cent will be placed on the market.

Bluebird has grown rapidly since it was established in Swindon in June 1980 by Mr Norman, former chairman of the Berwick Timpo toy company.

Bluebird moved from a small loss in the first 18 months of trading to pre-tax profits of £245,000 in the year to December 1983 and £779,000 on sales of £5.57m last year. Earnings per share after a 43 per cent tax charge were 7.09p, putting the shares on a multiple of 12 on the placing price.

Bluebird is not making a profits forecast but plans a single 3.15p net dividend for the current year, giving a 5 per cent yield at the placing price.

The company, which was voted British Toy Producer of the Year for 1984 by the National Association of Toy Retailers, estimates it has about 1 per cent of the UK toys and games market.

Bluebird believes the outlook has improved for British toy manufacturers following the deep recession between 1979 and 1983, which claimed several victims among leading manufacturers, including Mr Norman's former company Berwick Timpo which went into receivership in 1983.

Bluebird makes a range of 32 different products, mainly out of plastic, including toys for the 3 to 8 years age group, preschool toys, and flasks and lunch boxes for children. The customers are all major retail and mail order companies across the country.

The shares are being placed next Monday; dealings are to start on February 2.

UK COMPANY NEWS

Martin Dickson looks at Powell Duffryn's efforts to fend off Hanson

Digging in against a well armed foe

A BLUE plaque on the elegant white façade of Powell Duffryn's London headquarters informs the visitor that this was once the home of Lord Raglan, the commander of British forces in the Crimean war and the man responsible for the charge of the Light Brigade.

Powell Duffryn—founded just a few years after the Crimean war—is today fighting its own battle for survival against a much larger and well armed foe. It is the target of a takeover bid by Hanson Trust, the huge and acquisitive industrial conglomerate headed by Lord Hanson.

"I feel like David to Hanson's Goliath," says Mr John Franklin Goliath," says Mr John Franklin, Powell Duffryn's 57-year-old chief executive in a soft Welsh lilt. "And I want to hit him right between the eyes." But that is proving no easy task."

First, Hanson's timing has been superb: Powell Duffryn is just emerging from a five-year programme of rationalisation and acquisition involving £115m of capital expenditure which, the management says, is just beginning to show results in sharply rising profits.

Its latest defence document is forecasting revised pre-tax profits of Q2.05m this year—and says that but for the miners' strike, which has hit the company hard, they would have been as high as £22.75m. The latter figure, which the company sees as the trend line, is a 24 per cent rise in 1984. itself 42 per cent up on 1983.

But can the City be convinced that this really is a breakthrough to consistently higher profits after years of flat results—admittedly in a period that included a time of severe industrial recession?

Powel Duffryn's second problem—linked to the first by its past lacklustre profits record—is one of image. The company readily acknowledges that it has had trouble presenting a clear identity to the public, but it now thinks it has got this right.

"We are," says John Franklin with a well-practised phrase "a distribution and storage group backed by a strong engineering division."

That may be an advance, but the areas in which it operates are still fairly mature and, as Mr Bob Haville of brokers James Capel observes drily, "people just can't get very excited about bulk liquid storage." This is not to say that Powell Duffryn's market niches cannot be good earners. Indeed, Mr Haville, for one, believes the company is on the brink of a big profits recovery.

To a considerable extent, Powell Duffryn is a victim of its own history. Founded in 1864 by a South Wales family, it had grown by the 1930s into the world's largest independent coal mining company. But nationalisation in 1947 ripped the heart out of the company, leaving it to concentrate on peripheral *businesses—such as coal shipping* and storage—and to spend compensation money on an acquisition strategy which was not always coherent.

In 1968 came a first rationalisation programme. A second whose strategy is still in force *today—followed in the late* 1970s. It was devised and implemented by a three-man team that took over at the top in 1976 and still heads Powell Duffryn: John Franklin, who has been with the company 29 years; David Hubbard, 48, the smooth, quick-talking finance director admired in the City, and Bill Andrews, 49, head of the engineering and bulk liquids storage operations. (A fourth person—executive chirman Christopher Aston, died in 1980 before the strategy had got very far.)

The plan was twofold: first, to pour investment into Powell Duffryn's strongest areas and get out of businesses where managers could see no future. Hymac, the construction equipment company, was sold to IBH of West Germany (whose subsequent collapse led to a substantial Powell Duffryn balance sheet *write-off*).

The second aim was geographical diversification. In the late 1970s, only 10 per cent of Powell Duffryn's assets were outside the UK. Today, the company has reached its target 25 per cent—but not without some upsets along the way (particularly in the U.S.) which caused raised eyebrows in the City.

So what has all this produced? Powell Duffryn's most traditional business—fuel distribution—is still its biggest profits-earner, acounting for 33 per cent at the trading level in 1984. The company is a leading force in the UK coal and oil trade and will manage to increase its profits this year despite the miners' strike. It is, says Mr Franklin, "a good solid business with plenty of growth."

Bulk liquids storage, accounting for some 20 per cent of *trading profits, may not* be glamorous but both the company and analysts see it as another strong area with good growth prospects. Powell Duffryn is already a world force in the storage of high value chemicals, with depots in the UK, U.S., Australia, South Africa and Spain.

More recent acquisitions—such as a terminal at Savannah, Georgia—should start having a marked effect on profits over the next few years.

On the engineering side, the company has carried out a major overhaul of its main UK subsidiary, Hamworthy Engineering, cutting back staff, changing the management structure and developing new products to reduce *dependence on its traditional*, but now declining market—marine pumps and compressors.

But it is also in engineering that it has suffered its worst U.S. setbacks: National Pump, a manufacturer of deep pump wells for irrigation, was acquired in 1979, but then saw the bottom drop out of its market when U.S. agriculture policy changed. It has since established a joint venture operation in Saudi Arabia from which Powell Duffryn is expecting great things.

Similarly(Applied Piping Products, acquired for $5m in 1981, was hit by the U.S. recession, forcing the management to shut two of its plants and move production to a new site.

However, the latest U.S. acquisition — Hiller Investments, which makes fire suppression and detection equipment — has been more immediately profitable.

Powell Duffryn is still a substantial force in UK merchant shipping, operating one of the largest and most modern short haul fleets of its class under the Stephenson Clarke name. About half its turnover comes from moving coal to power stations—a market likely to decline over the next few years when the Central Electricity Generating Board commissions three new big boats of its own.

"They are one of the few companies in this country able to run a shipping organisation and make money," says Kenneth Long, of brokers Grieveson Grant. "Over the past few years that has been no mean feat." Others are not quite so enthusiastic about the management's overall performance, though there is a widespread feeling that it is reasonably good, particularly at divisional level.

The price of Powell Duffryn's investment has been a substantial rise in gearing — up from 22 per cent in 1980 to nearly 50 per cent last year — with results only just beginning to show through in the profits line. Long-term building it may be, but the city prefers quick results.

At bottom, perhaps, Powell Duffryn's problem is that it is easier to capture the City's imagination if you have either a much-publicised entrepeneurial dynamo like Lord Hanson or glamourous products, or a good profits record.

Powell Duffryn has none of these — and it scorns the first two as risky and flashy.

"We are not an electronics company," says Mr Granklin firmly. "We are in mature industries we know at lot about and we believe our growth prospects are sufficiently strong to say to all shareholders, stick with us."

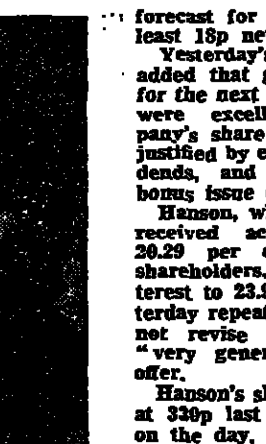
PROFIT FORECAST INCREASED BY £1m TO £20.5m

Powell Duffryn yesterday revised its pre-tax profits forecast for this year upwards to £20.5m—a £1m rise on its *estimates of just two weeks* ago—and urged shareholders to reject Hanson's offer, which closes next Thursday. It also increased its dividend forecast.

Powell Duffryn said that recent events, particularly the severe weather in Britain and France, had led to stronger demand for fuel and firmer prices, enabling the company to boost profits.

Pre-tax profits were now expected to be 12 per cent up on last year—and but for the miners' strike they would have been £22.75m—a rise of 24 per cent. The company had contained the cost of the miners' stoppage to about £2.25m and intended to recommend a final dividend of 16p, making a total of 21p net—a 31 *per cent* rise on last year.

In its first major defence document, issued on January 9, Powell Duffryn forecast



Mr John Franklin, chief executive of Powell Duffryn . . "I feel like David to Hanson's Goliath."

pre-tax profits of £19.5m and said the total would have been £22m except for the miners strike. The dividend forecast for the year was at least 18p net.

Yesterday's statement added that *growth prospects for the next year and beyond* were excellent, the company's share price was fully justified by earnings and dividends, and it proposed a bonus issue of new shares.

Hanson, which has already received acceptances from 20.29 per cent of Powell shareholders, taking its interest to 23.98 per cent, yesterday repeated that it would not revise or increase its "very generous" all paper offer.

Hanson's share price closed at 330p last night, down 7p on the day, which values its bid at 440p per Powell Duffryn share. That compares to Powell Duffryn's close last night of 435p, down 8p.

Commenting on the Powell Duffryn forecast a spokesman for Hanson said: "It never fails to surprise us how companies find they are doing *much better* immediately we make a bid."

Everards confident in face of fierce competition

Everards Brewery returned higher taxable profits of £772,000 against £737,000 in a year that was discribed as both difficult for the group and the industry.

Competition remains fierce but Mr A. R. Weston, chairman, says *he is convinced the company* can look to the future with *confidence*.

Turnover rose from £16.52m to £17.58m and generated a £151,000 increase in trading profits to £847,000.

Total dividend is 7.5p (6.8p). Everards has close company status.

Warning for Tate in Canada

Redpath Industries, the major Canadian subsidiary of Tate & Lyle, earned pre-tax profits of C$10.2m (£7m), against C$9.7m in the three months to end-December 1984.

In Toronto, union employees at Redpath Sugars' refinery went on strike early this month. Although the refinery continues to operate, the dispute, which is still unsettled "will affect" the company's second quarter results.

During the first quarter, further market penetration by high fructose corn syrup, combined with increased domestic beet sugar production, continued to reduce the market available to U.S. cane refiners. This exacerbated the over-capacity situation and impacted unfavourably on refining margins at Tate's Refined Sugars Inc subsidiary in New York.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Eastwood, Cantors, Andre De Ferry, Diamond Stylus, Imry Property, Neepsend, Wholesale Fittings.

Finals—Associated Energy Services, Commercial Bank of Wales, Edinburgh American Assets Trust, Rayford Supreme, Rue Estates.

FUTURE DATES

Interims—	
Harvey and Thompson	Jan 30
Norsk Data A/S	Jan 28
REA	Feb 5
Zetters	Jan 30
Finals—	
Fleming Fledgeling Invest. Tst.	Jan 30
Gaunt (Rowland)	Feb 4
Liberty Life Assoc. of Africa	Mar 6
Sandvik Aktiebolag	Mar 12
Wood (S. W.)	Feb 8

Louis Newmark forecasts further profit recovery

PRE-TAX profits of Louis Newmark, electronic and precision engineering watch distributor, recovered from £291,000 to £622,000 for the six months ended September 29 1984 and forecasts a total of £1.2m for the full year, a level the company achieved thre years previous. A record £2.32m was reached in 1979-80.

Last year's interim result was after an exceptional debit of £296,000

The directors continue to take a "very cautious view" on the overall prospects in the defence field, both at home and abroad. Despite the effect this may have on certain parts of the company's business, the immediate levels of trading coupled with the interim results lead the board to give their prediction for the 12 months.

The add that in the medium term, in addition to the company's policy of product replacement, they are actively pursuing investment in new digital/analogue systems and modules to "ensure adequate market penetration."

In their annual statement, the directors anticipated a full-year outcome similar to the £771,000 (£891,000) achieved for 1983-84. They explained that despite stea They explained that despite steady progress being made on the commercial side of the business, both in growth and profitability, delays in defence policies in the international field, forced them to take a prudent view in forecasting full year profits.

After tax of £280,000, compared with £151,000, earnings per 25p share were shown as 11p, against 4.2p. The interim dividend is unchanged at 4.5p net—last year's final payment was 7.5p.

Turnover for the six months increased from £16.05m to £18.12m. Depreciation took £371,000 (£362,000).

Global falls to £0.15m after overseas setback

A reduction in overseas profitability led to a fall in pre-tax profits of the Global Group from £203,000 to £152,000 in the six months to November 30 1984. Turnover of this importer, exporter and wholesaler of meat products, dropped by £1.55m to £11.13m.

However, the directors are confident of improved levels of trading and profitability in the remainder of the current year and expect pre-tax profits to exceed the previous year's £311,000.

As forecast last June, at the time Global came to the USM, there is an interim dividend of 1p nil—a final of 1.25p has also been projected. Stated mid-year earnings per 10p share were 1.9p (adjusted 2.9p), after tax of £77,000 (£101,000).

On the international side, changes in EEC regulations have led to a shift in the international markets serviced by the group resulting in slower profits contribution. But the directors anticipate that profits arising from these new markets, coupled with the company's existing export activities, will be reflected in full year results.

Domestic turnover and profits were significantly ahead of the corresponding half of 1983. The company continued to be regular suppliers to its principal customers and has increased its market penetration. Proceeds of the share issue received on Global's flotation have been used in part in increased participation in purchase from the EEC intervention stocks.

A 50 per cent interest has recently been acquired in a company which makes and distributes specialist food products, including desserts.

The group subsidiary, Global Refrigerated Services, became fully operational this month providing localised delivery services for Global Meats Midlands and its customers.

Falcon sells its Mandarin stake

Falcon Industries, formerly called Jenks & Cattell, has sold its 7 per cent stake in Mandarin Resources, a Hong Kong-based investment company, for £500,000, giving it a profit after expenses of £70,000.

The holding has been diluted from 14.8 per cent since it was acquired in February 1984.

Falcon, a builder and garden tool maker, disposed of its investment because Mandarin had expanded into fields beyond its expertise. It said, however, that it would consider joint ventures with Mandarin related to Falcon's main activities.

Mr Ronnie Aitken, chairman of Falcon, will remain a Mandarin director but Mr T. D. Leece, Falcon managing director, has resigned from Mandarin's board.

Raw material prices hit Stroud Riley

Stroud Riley Drummond suffered a fall from £505,000 to £411,000 in first half profits, which is not expected to be recouped by the year end.

Profit margins came under pressure from higher raw material prices says Mr Roy Stroud, chairman. Also, the effects of a fire at a major yarn supplier continued to be felt well into the six month period to end-September 1984.

However, Mr Stroud says that with an order book standing at a record level and the near completion of a reorganisation at the worsted division's manufacturing facility the directors can confidently predict "significant progress" in 1985-86.

Stroud manufacturers worsted suitings and knitted fabrics. Turnover for the six months was lower at £7.45m against £7.77m.

The interim dividend is being held at 0.75p net per 25p share.

F. H. Lloyd

The steel founders and engineering company F. H. Lloyd has dropped Deloitte Haskins & Sells, its auditors for many years, and appointed Peat Marwick Mitchell instead.

Peat's proposal was the cheapest of a number put forward by auditors invited to apply.

Mr John Pickard chief executive of Lloyd said he was delighted with the exercise and would consider reviewing the appointments of other advisers to the company.

British Bloodstock

TAXABLE PROFITS of the British Bloodstock Agency, which came to the USM last September, increased from £396,000 to £431,000 in the half year to September 30, 1984, on turnover of £2.1m, against £1.85m. There is a first interim dividend of 2.5p net.

Group profits in the first half normally form only a small part of the year's result (in 1983-84, a little under a third of the £1.27m pre-tax total).

Derby Trust

Net asset value per 10p capital share in Derby Trust rose to 223.5p, against an equivalent 188p, in calendar 1984.

The directors of this investment trust are to pay a second interim dividend of 3.953p (equivalent to 3.481p) on the 25p income shares following an interim of 3.162p (2.789p). Net earnings per income share are stated at 7.115p (6.25p).

Net revenue came out at £840,308 against £738,143, after tax at £437,340 (£427,498). The gross value of the company's assets rose 17.27 per cent over the year.

Property Security

Rents receivable of Property Security Investment Trust rose from £2.61m to £3.02m in the six months to September 30 1984 and pre-tax profits emerged at £1.61m, compared with £1.38m. The net interim dividend is up from 0.75p to 1p.

UK COMPANY NEWS

Hammerson paying £59m for Rank's Canadian properties

BY MICHAEL CASSELL, PROPERTY CORRESPONDENT

The Rank Organisation's long involvement in commercial property investment finally came to an end yesterday when it sold its Canadian property interests to the Hammerson group for C$87.9m (£59m).

Last year, under the new management's extensive programme of asset disposals, Rank sold its UK property interests to British Land for £68m and raised another £8.5m when it disposed of its Belgian portfolio to Wereldhave, the Dutch property group.

The Canadian properties were valued last May at $110m. Rank says that if they had been sold separately over a longer period at prices reflecting the valuations, net proceeds would have been about C$1m below the Hammerson offer. This was because the company would have faced withholding taxes incurred in repatriating the proceeds, together with Canadian capital gains tax liabilities.

For Hammerson, the deal represents another major expansionary step overseas and means that one-third of the group's total portfolio is now located in Canada. A year ago, it paid £47m for Mascan Corporation, the loss-making Canadian property group.

Under the terms of the sale, Hammerson is acquiring all the share capital of Rank City Wall Overseas, which holds the Canadian properties through Rank City Wall Canada. The portfolio comprises five properties and in the year to October 1984 they contributed C$7.3m to Rank group profits.

The properties involved are a 500,000 sq ft office and retail investment at Bloor Street, Toronto, another office building of 80,000 sq ft in the same city, a 185,000 sq ft office block in Calgary and another 146,000 sq ft office building in Vancouver. The Vancouver property, with 60,000 sq ft vacant, is the only building not fully occupied. The final property in the package is the Shepherd Centre in Toronto, held on a short lease.

Hammerson paid cash for the Rank shares and is financing the acquisition with a seven-year, Canadian dollar bank loan. Mr Sydney Mason, the chairman of Hammerson, said the group was acquiring an attractive property portfolio at a discount in excess of 25 per cent.

Mr Sydney Mason, the chairman of Hammerson . . . acquiring an attractive property portfolio at a discount in excess of 25 per cent.

It seems likely that the Vancouver building will be sold on. The group was not anxious to acquire the short lease on the Shepherd Centre but, Mr Mason said, "it formed a part of the Rank package."

Hammerson acquired substantial tax losses along with Mascan, so if it sells any of the newly-acquired properties it should be shielded from any further tax liability. The deal has the approval of the Foreign Investment Review Agency.

In the wake of its large assets disposals programme, Rank is offering a mortgage to convertible loan bondholders, in return for freedom to dispose of up to 15 per cent of group assets and profits without breaching the trust deed. If the plan is accepted, the annual rate of interest on the convertible loan will rise from 4.25 per cent to 5 per cent.

The Hammerson deal spells the end of Rank's involvement in property investment markets, originally regarded as an important asset base for its domestic and international operations. The group's involvement in commercial property goes back many years and stems from its nationwide cinema interests, which gave it numerous prime sites in High Streets around the UK. But since the arrival of new management, under chairman Sir Patrick Meaney, the investment properties have been regarded as a peripheral, low-yielding activity.

At one stage, the group's international portfolio was estimated to be worth up to £175m, but the disposal programme has invariably reflected a large discount to market values, given Rank's eagerness to sell quickly and in large packages.

See Lex

Chubb's bid advisers appeal to Panel

Racal Electronic's warning on Wednesday of a lacklustre second half performance has attracted the attention of County Bank which was unsuccessful in its attempt as advisers to ward off last year's takeover of Chubb & Son.

County Bank said yesterday that it had approached the Takeover Panel to discuss Racal's profit forecasts. At the time of the battle Racal said that it expected this year's profits to show a "good" improvement, although it did not spell out any figures.

Mr Tim Barker, director general of the Takeover Panel, yesterday declined to discuss the Racal case but said: "In general terms if a company misses a forecast we expect to talk about it, and to ask about the reasons why.

"We would also expect to talk to representatives of the company concerned," he added.

Racal said yesterday: "We have not been approached by County Bank or any other organisation, including the Takeover Panel. Neither have our merchant bank advisers."

Wednesday's announcement was accompanied with a 48p fall in Racal's share price, knocking some £257m off the company's value on the London Stock Exchange. At last night's close the shares had fallen a further 24p to 216p.

Crown Intl. set for the USM with £3.5m value

BY GORDON CRAMB

Crown International Productions, a film and video production company largely staffed by former BBC employees, announced yesterday that it intends coming to the Unlisted Securities Market for flotation in March.

Crown yesterday sold its 20 per cent stake in MME Facilities, another film business company, for £1.25m to institutions and private investors as a prelude to the launch.

At the head of both companies is Mr Gordon Currie, a chartered accountant, for whom this will be a second USM debut — MME has been listed there since 1983, although it is this week in the process of changing its name to Capital Television Facilities.

Crown, a minority of shares in which is currently dealt under Rule 535 (2), has as its managing director Mr Paul Ellis, a former Panorama and Money Programme producer. BBC presenter Mr Peter Hobday is also on the board.

Mr Currie expects Crown, based in Claygate, near Esher, to be capitalised at "a minimum of £3.5m." He said pre-tax profits in the year running to last September had reached some £225,000 on turnover touching the £1m mark. "This year's figures will be much higher, and it will be mainly from the pure growth of the business," he added.

He is, however, planning an acquisition "in a similar field" sale of the MME/Capital stake was "to clear the decks for that and the launch itself."

About 40 per cent of Crown's equity is already in the hands of 200 to 250 outside investors. Greenstar Leisure, another of Mr Currie's companies, holds 30 per cent as does an associate, Motcomb Films.

A further 1m Crown shares will be issued, bringing the total to 5m. Mr Roger Jeffries, of Statham Duff, brokers to the issue, said yesterday: "We had been thinking of a price of around 60p, but maybe that will go higher." Existing Crown shares currently trade at 64p to 65p.

The prospectus is expected out on March 14, and dealings should start the following week.

Scot. & Heritable makes third rise in Hoskins bid

BY CHARLES BATCHELOR

Scottish Heritable Trust yesterday increased its takeover bid for **Hoskins and Horton** for the third time, which put a value of £9.2m on the hospital equipment, engineering and quarrying group.

The Trust, which already holds a 28.8 per cent stake in H & H, has been fighting a leapfrog battle for the past two months with London and Midland Industrials (LMI) for control of H & H. LMI has an agreed bid worth £8.9m for H & H on the table.

Apart from an increase in the value of its bid the Trust yesterday announced that it had reached an agreement to sell H & H's quarries to Tilcon, the construction arm of BTR Group, for £5m. LMI has an agreement with Redland, the building materials group, for it to take over H & H's quarries for just under £4.5m, if its bid goes

H&H said yesterday that it noted the higher Trust offer with interest and it was considering its position. LMI said it had not decided how to respond, but it had begun discussions with Redland.

The Trust is now offering 10 of its own shares and 360p in cash for every three H&H shares. The Trust's shares were unchanged at 66p yesterday, valuing its bid at 340p per H&H share. It is also offering a cash alternative worth 320p per share.

H&H's shares rose 3p yesterday to 330p.

The previous offer by the Trust was for 10 of its own shares and 315p cash for every three H&H shares, with a cash alternative worth 288.5p per share. Both the Trust and LMI are offering 100p cash for each of H&H's 20,000 preference shares.

The latest LMI offer, made on January 9, is now worth 329p per share. LMI was unchanged at 188p yesterday. Its offer comprises seven of its own shares for every four H&H. It is offering a cash alternative worth 300p per share. As part of the agreement to acquire the quarries Tilcon will share any capital gains tax liability falling to the Trust.

BANK RETURN

	Wednesday January 23 1985	Increase (+) or Decrease (—) for week

BANKING DEPARTMENT

Liabilities	£	£
Capital	14,553,000	—
Public Deposits	3,965,532,921	+ 393,852,406
Bankers Deposits	691,005,165	— 81,022,457
Reserve and other Accounts	1,778,276,358	+ 53,801,475
	6,449,367,444	+ 366,631,424
Assets		
Government Securities	567,958,090	— 18,551,581
Advance & other Accounts	1,048,852,352	+ 21,215,287
Premises Equipment & other Secs.	4,826,497,731	+ 361,933,307
Notes	5,858,648	+ 2,027,426
Coin	200,623	+ 6,985
	6,449,367,444	+ 366,631,424

ISSUE DEPARTMENT

Liabilities	£	£
Notes Issued	11,940,000,000	— 70,000,000
in circulation	11,934,141,352	— 72,027,426
in Banking Department	5,858,648	+ 2,027,426
Assets		
Government Dept	11,015,100	—
Other Government Securities	2,149,370,688	— 598,186,588
Other Securities	9,779,614,212	+ 528,186,588
	11,940,000,000	— 70,000,000

Gold Mining Companies administered by the
Johannesburg Mining and Finance Corporation Group
All companies are incorporated in the Republic of South Africa

Reports for the quarter ended 31 December 1984

Egoli Consolidated Mines Limited Group
Issued share capital: 18,564,286 shares of 50 cents each, fully paid

Group totals	Quarter ended 31 December 1984	Quarter ended 30 September 1984	Nine months ended 31 December 1984
Operating results			
Tons treated	214,225	221,719	669,963
Yield g/t	0,78	0,67	0,71
Production—kg	166,94	148,45	477,57
Cost R/ton treated	R12,72	R9,38	R11,09
Cost R/kg produced	R16,345	R14,008	R15,557
Average gold price received R/kg	R20,104	R17,349	R17,751
Financial results	R	R	R
Revenue from gold production (including R1,257,047 other operating revenue, ore and sand sales in the quarter ended 30 June 1984)	3,356,208	2,575,461	9,734,689
Less: Working costs	2,728,675	2,079,556	7,429,724
	627,533	495,905	2,304,935
Less: Other net expenditure*	220,079	192,849	624,379
Net income before taxation	407,454	303,056	1,680,556
Taxation	3,587	(2,203)	9,425
Net income after taxation	403,867	305,259	1,671,130
Capital expenditure—mining	634,613	712,214	2,256,188
—other	6,724	15,642	25,664
The above figures take no account of attributable income in respect of West Witwatersrand Gold Mines Limited amounting to	222,680	61,883	303,410

*This includes expenditure totalling R314 482 in respect of obtaining a listing of Egoli shares on The Stock Exchange, London and preliminary costs with regard to the proposed Springs Dagga rights issue and stock exchange listings.

Operating results by company

Johannesburg Mineral Corporation Limited

Tons treated	174,275	196,230	535,425
Yield g/t	0,74	0,68	0,70
Production—kg	129,75	133,91	377,24
Cost R/ton treated	R12,19	R8,69	R10,36
Cost R/kg produced	R16,373	R12,731	R14,700
Average gold price received R/kg	R19,887	R16,981	R17,638
Capital expenditure R	R17,800	R291,235	R466,372

Springs Dagga Gold Mines Limited

Tons treated	39,950	25,489	90,541
Yield g/t	0,93	0,88	0,93
Production—kg	37,19	22,45	83,54
*Less: Adjustment—prior quarter—kg		(7,91)	(7,91)
Cost R/ton treated	R15,30	R16,67	R17,10
*Less: Adjustment—prior quarter		(R1,86)	(R0,55)
Cost R/kg produced	R16,436	R18,922	R17,464
*Less: Adjustment—prior quarter		R0,850	R1,031
Average gold price received R/kg	R20,863	R19,830	R18,546
*Less: Adjustment—prior quarter		R1,898	R313
Capital expenditure R	R616,813	R420,979	R1,440,543

*These adjustments related to gold production from the treatment of material from sources outside the company which was included in the gold production figure of [illegible] in a previous quarter.

Current operations

Good progress has been made in re-opening a number of stopes on the Kimberley Reef [illegible]

New mine project

As announced in the circular dated 30 November 1984, the feasibility study conducted by [illegible]

[illegible]

Mariner Mining Corporation Limited

Tons treated	—	—	43,997
Yield g/t	—	—	0,48
Production—kg	—	—	19,60
Cost R/ton treated	—	—	R9,94
Cost R/kg produced	—	—	R20,075
Average gold price received R/kg	—	—	R15,376
Capital expenditure R	—	—	R349,372

As announced to shareholders on 15 August 1984 the operations of the Nigel treatment plant were suspended at the beginning of that quarter.

For and on behalf of the boards
Investments and Technical Management Limited
Secretary
per D. T. J. Lonsdale
25 January 1985

MINING NEWS

Authorities join in row over BP's plans for Seltrust

BY JOHN McILWREATH IN PERTH AND IAN HARGREAVES IN LONDON

THE West Australian government has stepped into the row between British Petroleum and the minority shareholders of Seltrust Holdings over the future of the Australian mining company.

Mr John Hogan, chairman of the Western Australia Development Corporation (WADC), a state-owned body set up last year by the ruling Labor Party, said he planned to open talks immediately with BP to try to head off the proposed liquidation of Seltrust.

BP, which owns 75.4 per cent of Seltrust, has said the company should seek voluntary liquidation following the rejection earlier this week by minority shareholders of a re-organisation plan.

The UK company has agreed to discuss the development corporation's ideas, which are being formulated with the help of Hill Samuel. The Seltrust board is due to put the voluntary liquidation plan to shareholders on February 28.

BP has said that liquidation is the best way of dealing with the loss-making Seltrust, since it raises the possibility of the company being sold as a whole. In Australia, it is being suggested that BP's strategy may be to make a bid for complete control of Seltrust through the liquidator. BP, however appears willing to consider any outcome which is speedy and involves better terms for the Seltrust assets than those rejected by shareholders this week.

The development corporation's intervention could turn out to be of some importance. WADC already administers a 5 per cent state holding in the Argyle diamond venture and the government of Mr Brian Burke, the premier, has made it clear that it would like similar stakes in other strategic projects, such as mining and the aluminium industry.

Mr Hogan's statement referred specifically to the economic importance to the state of two Seltrust properties — 5 per cent of the Mount Newman iron ore project and 60 per cent of the Agnew nickel mine. He said these activities were of "crucial importance" to the state.

It could be that the state would be prepared to buy a stake in these ventures — a move which could help to finance the next stage of Agnew, which faces heavy development costs at a time of weak nickel prices.

One of the main complaints of the shareholders who opposed BP's re-organisation plan was the value the oil company had placed on the Agnew stake. These arguments have gained further force this week as the nickel price has risen in response to terrorist attacks on the New Caledonia nickel industry. Nickel reached another peak yesterday on the London Metal Exchange, but is still depressed in dollar terms.

Northgate production hit by falling gold price

BY ANDREW GOWERS

THE languishing gold price yesterday inflicted yet another wound on the Canadian mining industry, with the announcement that Toronto-based **Northgate Exploration** plans to cut production from its Chibougamau mines by about 30 per cent.

Mr John Kearney, executive vice-president, said the reduction was in response to "the further deterioration in metal prices and uncertainties regarding the immediate future of the price of gold."

The production cut, which will be achieved by closing uneconomic sections of the Copper Rand mine, will result in 150 of the workforce being temporarily laid off.

Mr Kearney said that Northgate produced a record 77,500 ounces of gold from the Chibougamau mines last year, 26 per cent up on 1983, as well as 23m pounds of copper and 132,000 ounces of silver.

He added, however, that "assuming there is no further deterioration in metal prices," production at Northgates Portage mine would be maintained as planned and output for 1985 as a whole would be about the same as in 1983.

The cut in production, he said, "is considered necessary to ensure that Northgate continues to make an operating profit at the mine level and avoids cash losses."

At least five Canadian gold mines have suspended production altogether in recent months. Canadian producers, unlike South African companies, have not been insulated from the weak gold price by the fall in their currency.

COMPANY NEWS IN BRIEF

Talbex Group, a holding company with interests in aerosols, industrial hygiene products and rubber mouldings, turned a pre-tax loss of £617,000 into a £23,000 profit for the year ended July 31 1984.

Turnover in the contract filling division increased from £6.21m to £5.26m and profits from £105,000 to £370,000. The improvement continued in the opening quarter of the current year.

The industrial hygiene division returned profits of £31,000 (£37,000) on a turnover marginally higher. Trading remains very competitive but profitable.

The rubber products division incurred a loss of £31,000 (£14,000) and continues to operate in a very competitive climate. The board continues to take steps to stem the losses and to seek a long-term solution for this division.

The aerosol supply division improved its turnover in its second year of operation and lossess were reduced from £63,000 to £29,000.

The board expects an improved result from this division in the current year and anticipates a small contribution to group profits.

* * *

Current results remained "very encouraging," Sir Peter Reynolds, chairman of **Ranks Hovis McDougall**, told the annual meeting.

As already known, an improvement in pre-tax profits of £7m to £51.1m, in the last full year to September 1 1984, included the first results from divestment and rationalisation measures taken over the previous three years. Sales came to £1.23bn (£1.18bn). At the end of 1984 profits of this food manufacturer and processor were "well ahead" of the previous year and the directors expected results for the full first half year to con-

* * *

After plunging £245,000 into the red over the second six months of 1983-84, **Hallite**, manufacturer of synthetic rubber and plastic precision seals, has moved back into profit and is cautiously optimistic about the remainder of the current year.

For the opening 26 weeks to October 27 1984, pre-tax profits advanced by £113,000 to £265,000.

The interim dividend is held at 3p net per 50p share from earnings 2.2p ahead at 5.5p—a final of 4.75p was paid last time. Turnover totalled £7.65m (£5.85m). Tax accounted for £111,000 (£84,000). The attributable balance came through at £151,000 (£85,000).

* * *

Portsmouth & Sunderland Newspapers achieved taxable profits of £1.93m, against £1.46m, over the 39 weeks to December 29, 1984 on turnover of £32.61m compared with £25.19m.

Earnings per share were stated as 9.7p (14.5p), after a tax charge of £754,000 (credit £289,000).

* * *

The offer for sale of shares in **Alexandra Workwear** has been heavily oversubscribed at least 30 times.

Samuel Montagu, which offered 4.29m shares at 100p to give a market value of £11m, will publish details of the basis of allotment tomorrow.

Dealings in the shares will begin next Thursday.

* * *

Pre-tax profits rose by just £38,000 to £948,000 at **Denmans Electrical** in the 1983/84 year, and Mr Arnold Denman, the chairman, describes the outcome as "disappointing." Turnover was up £2m at £17.61m.

"Profits were adversely affected by an unusually high level of provision for bad debts and by continuing reorganisation costs," he explains. The main business of the group is the distribution of electrical equipment.

The directors are recommending a final dividend of 2.25p net per share for a 3.5p total for the year to September 30, in line with forecasts. Earnings per share are given as 13.38p (15.44p) after a tax charge £123,000 higher at £398,000.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Allied Textiles	5.14	April 2	4.42	7.96	7.24
Denmans‡	2.25	—	—	3.5	—
Derby Trust ......sec int	3.95	Feb 28	3.48§	7.12	6.25§
Fitch Lovell ......int	3	March 29	2.5	—	9.2
Global Group‡ ......int	1	Feb 27	—	—	nil
Hallite ......int	3	April 1	3	—	7.75
Hill and Smith	2.68	April 2	2.27*	3.68	3.18*
Kenyon Securities‡ ...int	3.13	Feb 28	3.13	—	9.38
KLP‡	1.5	March 29	1.6	2.5	1.6
McKay Securities ...int	1.55	March 20	1.27*	—	2.8*
Louis Newmark ......int	4.5	March 15	4.5	—	12
Property Security ...int	1	April 4	0.75	—	2.25
Stroud Riley ......int	0.75	March 8	0.75	—	2.25
British Bloodstock‡ ...int	2.5	Feb 28	—	—	—

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock.
§ Equivalent allowing for sub-division of shares.

APPOINTMENTS

International director for Plessey Company

The PLESSEY COMPANY has appointed Mr Alan Jones to the newly created post of international director of the parent company with responsibility for Plessey's operations outside Europe and North America. He was managing director of the displays and sensors division of Plessey Electronic Systems. Mr John Hakes, managing director of Plessey Radar, has been appointed a divisional managing director for Plessey Electronics Systems. He will have overall responsibility for Plessey Radar, Plessey Displays and Plessey Airports.

*

BOWRING UK has appointed Mr D. A. Smith as development director for the Scottish region. He has relinquished his position as chief executive of Bowring Smith and Raphael, but remains a director, and is appointed to the boards of Bowring Macalaster and Allison, Bowring Macalaster and Allison Aberdeen, and Bowring Robertson Mitchell. Mr P. Raphael has been appointed chief executive of Bowring Smith and Raphael in succession to Mr Smith. Mr W. R. Gauld and Mr P Wynne have been appointed directors of Bowring Macalaster and Alison. Mr E. R. Spencer has been appointed a director of Bowring Macalaster and Alison Aberdeen. Mr W. R. Brett has been appointed a director of Bowring Martin; and Mr J. Quigley a director of Ulster Insurance Services.

*

Two long-serving executives of LONDON AND PROVINCIAL POSTER GROUP, main operating subsidiary of London and Continental Advertising (Holdings), have been appointed to the L & PP board. Mr Ray Best becomes director in charge of administration; and Mr Ron Shearing becomes a director and continues as general manager of the posters division.

*

Mr Bruce Matthews, managing director of News International, has been appointed to the board of SATELLITE TELEVISION.

*

VALOR has appointed as directors Miss Patricia Mann, a vice president of J. Walter Thompson International and head of external affairs for JWT Group (UK), and Mr Sidney Hammond who has been company secretary of Valor for 30 years.

*

Mr Michael C. Chambers has been appointed a director of GARDNER MOUNTAIN & CAPEL-CURE AGENCIES, a subsidiary of Hogg Robinson Group. Mr John G. Hogg, a deputy chairman of the Group, retires on January 31.

*

PERKINS ENGINES has appointed Mr David Ford to has appointed Mr David Ford to the newly created position of director, Perkins Shrewsbury operations. He is currently Perkins Engines director systems development. Mr Ford takes over from Mr Peter Jackson who, in addition to his responsibilities as Perkins director of personnel and employee relations, has occupied the post of deputy managing director of the Shrewsbury operation since Perkins acquired the diesel engine business of Rolls-Royce Diesels International in March 1984.

*

LEONARD GROUSE ASSOCIATES has appointed Mr K. R. Watkiss, chief actuary, to the board.

*

Lord Romsey has been appointed to the board of HARRISON BROS. UNDERWRITING AGENCIES.

*

CHILTERN FINANCIAL SERVICES has appointed Mr G. M. Adams as an associate director.

*

DIXONS GROUP has appointed Mr Henry N. Lewis a non-executive director. He is a joint managing director of Marks and Spencer.

*

PIRELLI GENERAL has made the following appointments: Mr Leopoldo Sansone, formerly director and manager of Telecommunications Group—Societa Cavi Pirelli SpA of Italy, has been appointed managing director. He succeeds Mr Orlando Ralanzoda, who has returned to the U.S. as president of Pirelli Cable Corporation U.S.A. and Pirelli Cables—Canada. Mr Colin Bale has been appointed manager of Pirelli General's power cable division at Eastleigh, Hampshire, and Mr Rinaldo Orlandi, who was formerly with Pirelli Cable Corporation U.S.A., has been appointed manager of the special cables division.

*

Mr John Leigh has been appointed sales and marketing director of CHAPMAN ENVELOPES, a part of Chapman Industries.

*

The following have been appointed directors of D. C. GARDNER: Mr M. W. Allsup, senior manager, Grindlays Bank Group; Mr K. A. Daley, vice president, Bankers Trust; Mr D. G. Lewis, district marketing manager, Barclays Bank.

*

Mr Peter Shaw, commercial director of ELLIS JONES (Stockport), is taking up a new appointment on March 1, but is remaining on the board in a non-executive capacity for a limited period.

*

GRANDFIELD RORK COLLINS FINANCIAL has appointed Ms Judy Bassett to the board, as advertising account director. She joined in April 1983.

*

Mr Peter J. C. Kershaw joins the board of STANHOPE SECURITIES next month. He is an executive director of St Martins Property Corp. Stanhope Securities is controlled by Mr Stuart Lipton. Mr Kershaw previously worked with Mr Lipton at Greycoat City offices and in his new role he will be responsible for co-ordinating the redevelopment of the Broad Street Station/Liverpool Street site. At St Martins Property Corp Mr Kershaw has been responsible for the development of London Bridge City. Following his resignation from St Martins, Mr Malcolm Savage, the company's chief executive (property) will assume overall responsibility for the London Bridge City Development. Mr Stephen Card has been appointed deputy project co-ordinator.

BASE LENDING RATES

A.B.N. Bank	12 %	Hong Kong & Shanghai	12 %
Allied Irish Bank	12 %	Johnson Matthey Bkrs.	12 %
Amro Bank	12 %	Knowsley & Co. Ltd.	12½%
Henry Ansbacher	12 %	Lloyds Bank	12 %
Armco Trust Ltd.	12½%	Mallinhall Limited	12 %
Associates Cap. Corp.	12 %	Edward Manson & Co.	13 %
Banco de Bilbao	12 %	Meghraj and Sons Ltd.	12 %
Bank Hapoalim	12 %	Midland Bank	12 %
BCCI	12 %	■ Morgan Grenfell	12 %
Bank of Ireland	12 %	Mount Credit Corp. Ltd.	12 %
Bank of Cyprus	12 %	National Bk. of Kuwait	12 %
Bank of India	12 %	National Girobank	12 %
Bank of Scotland	12 %	National Westminster	12 %
Banque Belge Ltd.	12 %	Norwich Gen. Tst.	12 %
Barclays Bank	12 %	People's Tst. & Fr. Ltd.	12 %
Beneficial Trust Ltd.	12 %	Provincial Trust Ltd.	12½%
Brit. Bank of Mid. East	12 %	R. Raphael & Sons	12 %
■ Brown Shipley	12 %	P. S. Refson	12 %
CL Bank Nederland	12 %	Roxburghe Guarantee	12½%
Canada Perm'nt Trust	13 %	Royal Bank of Scotland	12 %
Cayzer Ltd.	12 %	Royal Trust Co. Canada	12 %
Cedar Holdings	11 %	■ J. Henry Schroder Wagg	12 %
■ Charterhouse Japhet	12 %	Standard Chartered	■12 %
Choulartons	12 %	Trade Dev. Bank	12 %
Citibank NA	12 %	TCB	12 %
Citibank Savings	¶12½%	Trustee Savings Bank	12 %
Clydesdale Bank	12 %	United Bank of Kuwait	12 %
C. E. Coates & Co. Ltd.	12½%	United Mizrahi Bank	12 %
Comm. Bk. N. East	12 %	Westpac Banking Corp.	12 %
Consolidated Credits	12 %	Whiteaway Laidlaw	12½%
Co-operative Bank	*12 %	Williams & Glyn's	12 %
The Cyprus Popular Bk.	12 %	Wintrust Secs. Ltd.	12 %
Dunbar & Co. Ltd.	12 %	Yorkshire Bank	12 %
Duncan Lawrie	12 %		
E. T. Trust	12½%		
Exeter Trust Ltd.	12½%		
First Nat. Fin. Corp.	11 %		
First Nat. Secs. Ltd.	11 %		
■ Robert Fleming & Co.	12 %		
Robert Fraser & Ptns.	12½%		
Grindlays Bank	†12 %		
■ Guinness Mahon	12 %		
■ Hambros Bank	12 %		
Heritable & Gen. Trust	12 %		
■ Hill Samuel	§12 %		
C. Hoare & Co.	†12 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 8.75%. 1 month 9.50%. Fixed rate 12 months £2,500 8.75% £10,000 12 months 9.00%.
† 7-day deposits on sums of under £10,000 8¼%, £10,000 up to £50,000 9¼%, £50,000 and over 10¼%.
‡ Call deposits £1,000 and over 8¼%.
§ 21-day deposits over £1,000 10%.
¶ Demand deposits 8¼%.
** See Provincial Trust Ltd.

Florida 'has lost half of citrus crop,' Page 34

SECTION III – INTERNATIONAL MARKETS
FINANCIAL TIMES
Friday January 25 1985

WALL STREET

Bulls eye peaks and retreat

PROFIT-TAKING checked the surge towards new peaks in another heavy trading session and prices turned downwards at the end of the day, *writes Terry Byland in New York.*

The spotlight turned on to the bond markets, where optimism on inflation brought determined retail support. Near the close, when traders were expecting favourable money supply statistics, longer-dated bonds showed gains of 1½ points.

Early in the session stock prices soared across the full range of the market. Share turnover quickly surpassed the previous session. Gains were clipped back at midday, however, and the last hour saw some blue chips slipping.

The Dow Jones industrial average closed 4.30 down at 1270.48, after reaching 1281.80 – only 5½ points below the all-time peak. Turnover was up sharply at 162.1m shares. Yesterday's profit-taking was not unexpected after this week's rise of 50 Dow points.

The appearance of retail buyers in the bond market provided the clearest indication yet of confidence that inflation has been brought to heel in the U.S.

Mr Preston Martin, vice-chairman at the Federal Reserve, said in Chicago that long-term rates "still have room to fall."

Bond yields, currently around 11½ per cent, still contain a significant element of inflationary expectation, and could fall by as much as 100 basis points within months if inflation remains subdued.

Prices for long-dated bonds rose quickly, putting the key long bond at 104 23/32. Dealers pointed out that the key bond is additionally boosted by technical factors. Next month brings a new 30-year issue which will not be callable by the Treasury and is therefore expected to sell at a premium to existing, similar bonds.

Heavy trading in IBM pushed the stock up $⅝ to $133¼ – a move above the all-time high of $134¼ would be a bullish signal to the entire stock market. IBM features in several institutional buying programmes and was heavily bought late on Wednesday when Salomon Bros were believed to be in the market for blue-chip issues.

Prime Computer added $¼ to $19 in brisk turnover after results, while on the American Stock Exchange, Amdahl eased $¼ to $15⅝, also after trading news.

The Dow transportation average rose sharply again, with gains in the airline issues led by Delta Airlines, $⅝ higher at $44¼ on an increased dividend and profits statement. Pan American held unchanged at $4⅝ after a 1.2m share block was crossed by Donaldson Lufkin Jenrette.

But Exxon eased $1¼ to $47 after reporting the expected slowdown in the final quarter of last year. Mobil dipped $¼ to $28¼ for similar reasons, but Standard Oil of Ohio, which is controlled by British Petroleum of the UK, added $⅛ to $43⅞ after results. Phillips Petroleum, still active, was up $½ at $48.

Among internationals, North American Philips fell $¼ to $41 following results. Bowater Inc was unchanged at 2⅝, however. At $26¾, National Distillers gained $¼ on trading figures.

A higher dividend did little for Pfizer, $½ at $40¼.

Consumer stocks saw Dart & Kraft $1 better at $85¾ and Quaker Oats $¼ at $34 after trading statements. But Procter & Gamble, out of favour on Wall Street for some time, fell $1⅝ to $55¾ after results. American Brands added $½ to $64¾ on its figures but Whirlpool, the washing machine manufacturer, was $⅞ down at $48¼.

In the credit markets, short-term rates shaded easier, with a federal funds rate at 8¼ per cent supporting the view that the Fed is maintaining a relaxed stance.

LONDON

Institutions trigger new shake-out

HEAVY selling by institutions in London yesterday morning initially hit leading electricals but the ensuing depression spread quickly, forcing a second consecutive shake-out. The FT Ordinary index, down 18.6 by noon, recovered slightly to settle 12 lower at 991.7, the first time this week the index has closed below 1,000.

The early gloom stemmed from interest rate concerns, while the later recovery was begun by hopes, perhaps this time justified, that the UK miners' strike might be settled soon.

Gilts reacted badly to the possibility of higher interest rates with longs falling up to 1¼ and shorts dropping ⅝. Index-linked issues slipped by nearly a point.

Chief price changes, Page 28; Details, Page 29; Share information service, Pages 30–31

HONG KONG

A REASSESSMENT of Hutchison Whampoa's HK$2.9bn purchase from Hongkong Land of a 33.8 per cent stake in Hongkong Electric yesterday underpinned an advance in Hong Kong that took the Hang Seng index 27.07 higher to 1,384.51.

All three stocks fell back when trading resumed on Wednesday from the unofficial prices seen on Tuesday, after the companies were suspended pending the announcement.

Yesterday, however, Hongkong Electric jumped 55 cents to HK$8 and Hutchison added 70 cents to HK$20.40, while HK Land remained unchanged at HK$4.50.

SINGAPORE

BARGAIN-hunting and some short-covering helped Singapore higher yesterday. The Straits Times industrial index added 4.38 to 769.84 on turnover that rose to 9.1m shares from 6.4m the previous session.

Financial issues were steady to stronger, with DBS 15 cents ahead at S$5.70 and UOB 6 cents firmer at S$4.32. Among industrials, Promet recovered 7 cents to S$1.50 in heavy volume.

SOUTH AFRICA

THE FAILURE of the bullion price to pick up from its overnight lows depressed most gold shares in Johannesburg.

Freguls fell R3.50 to R47.50, while among cheaper issues Unisel gave up 50 cents to R15. Mining financials and other minings were mixed with Gencor down 75 cents to R23.75 and Anglo American 20 cents higher at R24.45.

Diamond share De Beers fell 12 cents to R8.93 and Impala Platinum put on 25 cents to R24.50.

Industrials were easier in quiet trading with Barlow Rand 35 cents lower at R10.40.

AUSTRALIA

DECLINES in gold, copper and silver prices prompted selling in mining issues which brought to an end the five-day rally on the Sydney Stock Exchange.

Industrial issues initially resisted the fall, but they later succumbed to the downward pressure to end lower on the day. The All Ordinaries index dipped 4.8 to 753.3.

After an initial flurry of trading that took Herald and Weekly Times up to A$4.25, the price settled back to close down 10 cents on balance at A$4.10.

CSR, planning an A$247m rights issue to restructure its oil and gas subsidiary, added 1 cent to A$2.73.

CANADA

STRONG gains were recorded in most stock sectors as Toronto continued its upward climb in heavy trading.

Bell Canada added C$⅛ to trade at C$36⅝ in continued reaction to its improved fourth-quarter net income.

Among actively traded issues, Mitel put on C$⅝ to C$9⅛ and Alcan put on C$⅝ to C$40. Daon shed 1 cent to C$2.97.

Montreal followed the firmer trend.

TOKYO

Setbacks dampen enthusiasm

A SERIES of setbacks dampened investor enthusiasm and left share prices slightly lower in Tokyo yesterday, *writes Shigeo Nishiwaki of Jiji Press.*

One of the large securities companies said that only 20 to 30 issues were traded, among them biotechnology-related and incentive-backed low and medium-priced issues.

The Nikkei-Dow market average opened firmer, reflecting the overnight upsurge on Wall Street. But the measure eased later to finish 2.65 weaker at 11,856.36, although turnover increased to 352 shares from 312m. Declines outpaced advances 405 to 314, with 180 issues unchanged.

Concern has mounted over the currently high level of prices as a result of the market's sharp new year rally, as well as over the record-breaking buying balance on margin trading and tightened controls on margin issues. The buying balance hit an all-time high last week for the fourth consecutive week.

The strong overnight rally on Wall Street gave some life to blue chips, but the issues dulled rapidly and speculative funds went instead to biotechnology-related stocks, which accounted for seven of the 10 most actively traded issues.

Mitsui Sugar, the day's second busiest, gained Y43 to Y330, with 11.85m shares changing hands. Sankyo climbed Y70 to Y1,100, Kyokuyo Y13 to Y332 and Yamanouchi Pharmaceutical Y30 to Y2,770. The issues were traded on anti-cancer agent development and other research efforts.

Thyristor-related stocks also drew interest. Osaka Transformer headed the active list with 18.45m shares traded and put on Y59 to Y579. Meidensha Electric firmed Y23 to Y555.

Elsewhere, Kumiai Chemical Industry added Y65 to Y635 due to higher profits from sales of a new herbicide. Nippon Flour Mills improved Y5 to Y373 on rumours that it is engaged in biotechnology development and that its shares are being cornered by unidentified buyers.

Kokusai Denshin Denwa (KDD) soared Y700 to Y30,000 after news that it had initialled a contract with AT&T of the U.S. to lay a Pacific Ocean telecommunications cable.

Blue chips remained out of favour, with Sony falling Y20 to Y3,900 and Fujitsu Y30 to Y1,350.

Trading was extremely slow in the bond market. Although an overnight drop in U.S. rates sparked a wave of buying early in the day, yields closed almost unchanged. City and trust banks were occupied with dealing, while corporations and other investors maintained a low profile.

The yield on the benchmark 7.3 per cent government bond due in December 1993 dropped to 6.485 per cent at one point from the previous day's 6.495 per cent and closed at 6.490 per cent.

EUROPE

Twinge of self-doubt apparent

A TWINGE of self-doubt generated conflicting cross-currents on a number of European bourses yesterday, but despite the continued predatory sorties of profit-takers some new peaks were established.

A mood of uncertainty provided a sombre background to **Amsterdam** as the ANP-CBS General index rose 0.3 to a record level of 196.3. The internationals that had found support in recent sessions were again largely favoured in what was the twelfth peak for the bourse this year.

Royal Dutch held the market up, despite some of the uncertainty in the oil market over prices. It gained 30 cents to Fl 183 – just short of its high for the year. Unilever's Fl 2 rise took it to a 12-month high of Fl 338. Akzo and Philips, both of which had made good progress earlier in the week, retreated: the former fell 50 cents to Fl 103.50 and the latter 20 cents to Fl 59.80.

Ahold continued to gain with a Fl 1.80 rise to Fl 216.30, although Heineken weakened 50 cents to Fl 156.20. Elsewhere, banks posted limited losses and insurer Nat-Ned was hit by a dose of profit-taking, losing Fl 2.50 to Fl 291.

Bonds were largely unchanged but sentiment was overshadowed by uncertainty over official interest rates. The continued strength of the dollar fuelled fresh speculation about interest rate increases in West Germany and the likelihood that the Netherlands would follow suit.

The profit-takers that dominated **Frankfurt** on Wednesday still lingered yesterday with widespread individual retreats, although the Commerzbank index of 60 leading stocks declined by a meagre 0.9 to 1,149.6.

Many names that resisted the sharp downturn in the previous session finally succumbed to the pressure. Lufthansa, DM 3 stronger on Wednesday, retreated that amount yesterday to DM 188 and Siemens also incurred a loss of DM 2 to DM 493.

Porsche, however, partially reversed the recent decline by moving against the trend in quality cars with its DM 5 rise to DM 1,069. BMW fell DM 4 to DM 373.

The weakness in the banking sector persisted.

Bond prices retreated up to 80 basis points and the Bundesbank sold a small DM 1.5m of paper compared with Wednesday's purchases of DM 163.5m.

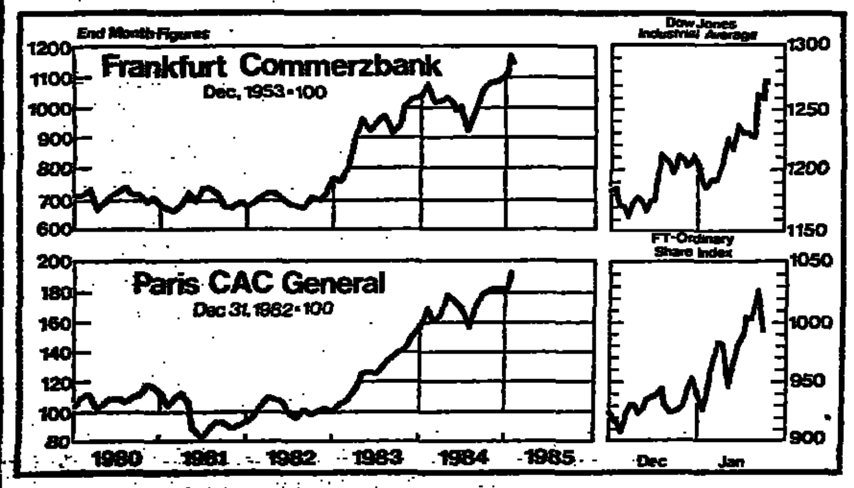
A firmer tone continued in **Paris** as CIT-Alcatel rose FFr 23 to FFr 1,304 after agreement on a major telephone deal with China. Builder Bouygues surged FFr 27 to FFr 768, while losers included Damart, FFr 40 down at FFr 2,380, and Carrefour, which surrendered some of its earlier gains to settle FFr 18 off at FFr 1,801.

The record display in **Zurich** took Nestlé SwFr 30 higher to SwFr 5,920, just below its peak for the year, while Sandoz added SwFr 50 to SwFr 7,900 and Hoffmann-La Roche extended its recovery with a further SwFr 750 rise to SwFr 89,625.

Anxiety over Italian economic policy turned **Milan** cautiously lower, although some good gains were managed. Fiat rebounded with a L12 rise to L2,321 and Italcementi's oscilliations continued with a L500 gain to L76,500.

Other centres were mixed. **Madrid** gained in light trading while utilities staged a rally in a narrowly mixed **Brussels**. The **Stockholm** bourse, which is closed today for building renovation, turned lower. Asca moved against this trend with a SKr 5 advance to SKr 340, amid plans for its shares to be traded in West Germany.

KEY MARKET MONITORS



STOCK MARKET INDICES

	Jan 24	Previous	Year ago
NEW YORK			
DJ Industrials	1,270.48	1,274.73	1,242.88
DJ Transport	604.52	603.85	565.29
DJ Utilities	147.93	148.70	131.60
S&P Composite	176.71	177.29	165.94
LONDON			
FT Ord	991.7	1,003.7	814.90
FT-SE 100	1,274.7	1,283.7	1,055.2
FT-A All-share	613.93	618.89	494.50
FT-A 500	673.69	679.97	528.17
FT Gold mines	442.9	454.3	541.30
FT-A Long gilt	10.88	10.75	10.15
TOKYO			
Nikkei-Dow	11,856.36	11,859.01	10,022.9
Tokyo SE	928.55	929.21	760.93
AUSTRALIA			
All Ord.	753.3	758.5	771.0
Metals & Mins.	429.2	442.9	529.0
AUSTRIA			
Credit Aktien	58.21	58.40	55.45
BELGIUM			
Belgian SE	123.98	2,121.28	–
CANADA			
Toronto			
Metals & Mins	2,124.6	2,115.8	2,375.0
Composite	2,525.9	2,509.9	2,526.3
Montreal			
Portfolio	127.11	126.25	123.27
DENMARK			
Copenhagen SE	166.36	166.19	223.62
FRANCE			
CAC Gen	195.5	193.2	171.8
Ind. Tendance	107.3	105.4	92.6
WEST GERMANY			
FAZ-Aktien	395.42	395.82	360.78
Commerzbank	1,149.6	1,150.5	1,065.8
HONG KONG			
Hang Seng	1,384.51	1,357.44	1,035.28
ITALY			
Banca Comm.	253.52	255.84	217.66
NETHERLANDS			
ANP-CBS Gen	196.3	196.0	170.0
ANP-CBS Ind	157.6	157.7	142.0
NORWAY			
Oslo SE	320.63	322.43	239.74
SINGAPORE			
Straits Times	769.84	765.46	1,039.56
SOUTH AFRICA			
Golds	991.6	1,025.7	783.1
Industrials	895.1	908.1	962.9
SPAIN			
Madrid SE	110.14	109.32	77.49
SWEDEN			
J&P	1,411.57	1,418.75	1,537.95
SWITZERLAND			
Swiss Bank Ind	409.3	407.0	378.0
WORLD	Jan 23	Prev	Year ago
Capital Int'l	194.5	194.1	185.4

GOLD (per ounce)

	Jan 24	Prev
London	$301.75	$301.00
Zürich	$301.25	$300.50
Paris (fixing)	$302.31	$302.89
Luxembourg	$302.10	$303.15
New York (Feb)	$299.70	$301.70

* Latest available figure

CURRENCIES

(London)	U.S. DOLLAR Jan 24	Previous	STERLING Jan 24	Previous
$	–	–	1.1175	1.1105
DM	3.156	3.1795	3.53	3.535
Yen	253.7	254.35	283.75	282.75
FFr	9.6625	9.7225	10.8025	10.80
SwFr	2.655	2.6815	2.97	2.98
Guilder	3.5685	3.589	3.99	3.99
Lira	1,945.5	1,951.5	2,175.5	2,170.0
BFr	63.15	63.65	70.65	70.65
C$	1.32425	1.32595	1.4815	1.475

INTEREST RATES

Euro-currencies (3-month offered rate)	Jan 24	Prev
£	12½	12⅝
SwFr	5⅜	5½
DM	5⅞	5 15/16
FFr	10⅝	10⅞
FT London Interbank fixing (offered rate)		
3-month U.S.$	8⅝	8¾
6-month U.S.$	8⅞	8 15/16
U.S. Fed Funds	8¼	8⅝
U.S. 3-month CDs	8.00	7.9
U.S. 3-month T-bills	7.60	7.61

U.S. BONDS

Treasury	Jan 24* Price	Yield	Prev Price	Yield
9⅞ 1987	100	9.75	99 31/32	9.83
11⅝ 1992	103 ?/32	10.93	102 ?/32	11.05
11⅝ 1994	103 ?/32	11.05	102 ?/32	11.20
11¾ 2014	104 ?/32	11.199	103 ?/32	11.32
Corporate	Jan 24*		Prev	
AT&T	Price	Yield	Price	Yield
10⅜ June 1990	96⅝	11.20	96⅝	11.20
3⅜ July 1990	75	10.00	75	10.00
8¾ May 2000	77⅝	12.00	77⅝	12.00
Xerox				
10⅞ March 1993	95⅝	11.45	95⅝	11.45
Diamond Shamrock				
10⅝ May 1993	95⅝	11.50	95⅝	11.50
Federated Dept Stores				
10⅜ May 2013	87	12.70	87	12.70
Abbot Lab				
11.80 Feb 2013	98⅝	11.95	98⅝	11.95
Alcoa				
12⅛ Dec 2012	98⅝	12.40	98⅝	12.40

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
Mar	73-19	73-20	72-08	72-14
U.S. Treasury Bills (IMM) $1m points of 100%				
Mar	92.19	92.21	92.10	92.11
Certificates of Deposit (IMM) $1m points of 100%				
Mar	91.69	91.70	91.54	91.56
LONDON				
Three-month Eurodollar $1m points of 100%				
Mar	91.28	91.30	91.21	91.27
20-year Notional Gilt £50,000 32nds of 100%				
Mar	103-25	104-02	103-03	104-05

COMMODITIES

(London)	Jan 24	Prev
Silver (spot fixing)	537.70p	540.85p
Copper (cash)	£1,244.50	£1,231.75
Coffee (Mar)	£2,378.50	£2,415.50
Oil (spot Arabian Light)	$27.725	$27.825

Closing prices, January 24

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
23½	16⅛	AAR	.48	2.3	16	665	20¾	20	20¾	+1⅛
30¼	9⅞	AGS			12	342	16⅞	15⅝	15¾	-1⅛
21	12⅞	AMCA	1	7.5		9	13⅜	13⅜	13⅜	-⅛
17⅞	13⅞	AMF	.50	3.2	86	184	16	15½	15½	-⅜
38⅞	24¼	AMR			9	7923	38¼	37⅛	37⅝	+½
20⅞	18¼	AMR	pf2.18	11		30	19⅞	19⅝	19⅝	
39	27½	AMR	pf2.12e	5.7		796	38⅛	37	37½	+½
25⅛	22⅞	ANR	pf2.67	11		11	24¼	24¼	24¼	+¼
14¼	8½	APL			3	9	10½	10⅜	10⅜	-¼
69¾	44¼	ASA	3	6.2		580	49⅛	48¼	48⅝	
26⅞	16	AVX	.32	1.7	11	1145	19	18¼	18½	-¼
48⅞	36⅜	AbtLab	1.20	2.7	13	4121	45½	44¼	44⅞	+⅛
23⅞	16½	AccoWd	s.44	1.8	20	442	u24	23⅜	24	+½
27	12½	AcmeC	.40	2.3		534	17⅞	17⅜	17½	+⅛
12⅞	8⅛	AcmeE	.32b	3.2	12	55	10	9⅞	10	+⅛
17⅞	15	AdaEx	2.11e	13		116	16½	16¼	16¼	
18⅞	11⅞	AdmMl	.32	1.9	8	32	17	16⅜	16⅜	
20¼	8½	AdvSys	.611	6.5	20	242	12⅞	12⅛	12½	+¼
41⅛	25⅛	AMD			14	6962	35⅜	34⅛	34⅜	-⅜
12⅜	6⅞	Advest	.12	1.2		571	10⅜	10	10¼	+¼
14⅞	8¼	AerBex			12	76	13½	13	13⅛	+⅛
39	27¼	AetnLf	2.64	6.9	32	2727	38⅜	38	38¼	-¼
58¾	52⅛	AetL	pf5.87e	11		306	55⅜	55½	55⅝	
33¾	15¾	Ahmns	1.20	3.9	14	433	30⅞	30⅜	30½	-⅜
5⅛	2⅞	Aileen			30	57	3	2⅞	3	+⅛
48⅞	36½	AirPrd	1.20	2.5	10	413	48	47⅛	47⅞	-⅜
28⅞	13	ArbFrt	.60	2.6	13	278	23⅞	23¼	23¼	-½
2	⅞	AiMoa	.5		25	673	1⅝	1⅛	1¼	-⅛
31⅛	26¼	AlaP	pfA3.92	13		18	30⅞	30⅞	30⅞	+⅛
7½	6	AlaP	dpf.87	12		13	7⅛	7⅛	7⅛	
72¼	61½	AlaP	pf 9	13		z1490	u72¾	71⅝	71⅞	-⅜
101	85¼	AlaP	pf 11	11		z300	97	97	97	
74⅞	63½	AlaP	pf9.44	13		z200	u75	75	75	+1

[illegible]

Continued on Page 27

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AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Closing prices, January 24

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

Continued on Page 28

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 26

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										
35	25½	WinDx	1 68	5.0	12	137	34	33½	33½	−⅞
17	7¾	Wnnbg	10e	.6	16	8539	u18	17	17¾	+⅞
14¾	6¼	Winner			14	61	7¼	6¾	7	−¼
10¼	3¾	WinterJ				3	4¼	4¾	4¾	
33⅝	25¼	WiscEP	2 28	7 2	7	1444	31⅞	31¼	31½	
79	68⅝	WisE	pf8 90	11		z150	78	76½	78	+1⅞
25¾	23¼	WisG	pf2 55	10		87	24⅝	24	24⅝	+¼
31	25⅝	WiscPL	2 64	8 7	9	111	30½	30⅛	30⅛	
32⅞	24¼	WiscPS	2 56	8 2	7	101	31½	31⅜	31⅜	
39⅝	27⅝	Witco	1 48	3 9	9	409	39⅛	38⅜	38¼	−⅞
17⅝	9½	WolvrW	.24	2 0	16	857	12⅛	11⅞	11⅞	−¼
27½	18⅝	WoodPt	.72	3 4	15	356	21¼	20⅝	21¼	+¼

Continued on Page 28

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full

WORLD STOCK MARKETS

AUSTRIA

Jan. 24	Price Sch.	+ or —
Creditanstalt	226	
Goesse	558	
Interunfall	410	
Laenderbank	225	
Perlmooser	352	-3
Steyr Daimler	159	
Veitscher Mag.	265	-5

BELGIUM/LUXEMBOURG

Jan. 24	Price Frs.	+ or —
B.B.L.	1,810	+10
Banq. Int. A. Lux	6,560	-10
Bekaert B	4,600	-100
Ciment CBR	3,485	-5
Cockerill	263	
Delhaize	5,990	-10
EBES	2,830	-10
Electrobel	6,110	
Fabrique Nat	2,065	-25
GB Inno BM	2,945	
GBL Brux	2,000	-5
Gevaert	3,750	+50
Hoboken	5,900	60
Intercom	2,160	+40
Kredietbank	7,650	-10
Pan Hldgs.	10,303	
Petrofina	6,660	-60
Royale Belge	10,150	-50
Soc. Gen. Banq.	3,250	...
Soc. Gen. Belge	1,790	-10
Solina	7,260	+50
Solvay	3,915	-25
Stanwick Intl.	1,450	
Tractionel	3,950	+35
UCB	4,740	+40
Wagon Lits	2,345	+45

DENMARK

Jan. 24	Price Kr. %	+ or —
Andelsbanken	271	...
Baltic Skand	580	..
CopHandelsbank	268	
D. Sukkerfab	500	+5
Danske Bank	270	
De Danske Luft.	1,120	
East Asiatic	159	
Forenede Brygg.	790	-10
Forenede Damp.	91	
GNT Hldg	397	+2
I.S.S.B.	370	
Jyske Bank	515	
Novo Ind.	1,490	10
Privatbanken	233	
Provinsbanken	300	
Smidth (F.)	234	-4
Sophus Berend	920	
Superfos	446	-11

FRANCE

Jan. 24	Price Frs.	+ or —
Emprunt 4½% 1975	1650	-7
Emprunt 7% 1973	7,649	1
Accor	245	+5.9
Air Liquide	579	+2
BIC	585	-17
Bongrain	1,675	+16
Bouygues	768	-27
BSN Gervais	2,301	-23
CIT Alcatel	1,304	-23
Carrefour	1,801	18
Club Mediter'n	1,194	-4
Cie Bancaire	601	-2
Cofimeg	265	-1.5
Damart	2,380	-40
Darty	1,130	-49
Dumez S.A.	732	-1
Eaux (Cie Gen.)	579	-13
Elf Aquitane	239.2	-23
Essilor	2,900	-89
Gen. Occidentale	700	+28
Imetal	77.5	-3.5
Lafarge Coppee	400	-9
L'Oreal	2,480	-49
Legrand	2,095	-15
Maisons Phenix	199.5	-12.5
Matra S.A.	1,855	-55
Michelin B	802	-13
Midi (Cie)	2,315	-65
Moet Hennessy	1,975	
Moulinex	101.5	-1.2
Nord Est	81	-2
Pernod Ricard	705	-5
Perrier	464	-9
Petroles Fra.	259	+2.5
Peugeot S.A.	274	-8.5
Printemp.Aus.	185.5	-3.5
Radiotech	236	-11
Redote	1,219	-4
Roussel Uclaf	1,615	-14
Selimeg	305	...
SkisRossignol	1,935	...
Telemech Elect	2,275	
Thomson CSF	469	-4
Valeo	235.8	-23

GERMANY

Jan. 24	Price Dm.	+ or —
AEG Telef.	106.9	-0.4
Allianz Vers.	1059xr	-11
BASF	177.7	-1.8
Bayer	187.3	2.2
Bayer Hypo	330.5	-2.5
Bayer Verein	340	-5
BHF-Bank	264	-8
BMW	382.5	-1.5
Brown Boveri	195	-1.5
Commerzbank	172	-1.5
Cont'l. Gummi	122.1	-0.8
Daimler-Benz	626	-5.5
Degussa	348.5	-1.5
D'sche Babcock	156	-4
Deutsche Bank	397	3
Dresdner Bank	190.4	-1.6
GHH	170	-2.8
Hochtief	475.5	-0.5
Hoechst	182.5	-1
Hoesch Werke	101.5	-1.5
Holzmann (P.)	395	
Horten	177	
Hussel	299	-17
Karstadt	236.5	-0.5
Kaufhof	213.0	
KHD	246.5xr	2.5
Kloeckner	75	
Linde	398	-7
Lufthansa	188	-3
MAN	164	
Mannesmann	154.3	-2.1
Mercedes Hld.	545	-5
Metallgesell.	227	-0.5
Munech Rueck	1265	-100
Nixdorf	531	-2
Porsche	1069	-5
Preussag	248	-1
Rhein West Elect	164	-1.7
Rosenthal	246	-2
Schering	469	-1
Siemens	493	-2
Thyssen	89.1	-1
Varta	177	-1
Veba	171.5	-1.3
V.E.W.	122.2	-1.3
Verein-West.	310	
Volkswagen	198.6	-2.4

ITALY

Jan. 24	Price Lira	+ or —
Banca Com'le.	17,550	-50
Bastogi-IRBS	172	-12.75
Centrale	2,450	-29
Credito Varesino	4,250	-150
Fiat	2,321	-12
Finsider	55	-0.75
Generali Assicur.	37,610	-80
Invest	2,925	
Italcementi	76,500	-500
La Rinascente	558	-7
Montedison	1,470	-13
Olivetti	6,350	-49
Pirelli Co.	3,772	-28
Pirelli Spa	2,136	+8
Snia BPD	2,501	10
Toro Assic.	14,400	+125
do. Pref	10,790	-109

NETHERLANDS

Jan. 24	Price Fls	+ or —
ACF Holding	202.5	
AEGON	164	
Ahold	216.3	+1.8
AKZO	103.5	0.5
ABN	381	-3
AMEV	225	-1.5
AMRO	72.5	-0.9
Bredero Cert.	157	2
Bos Kalis Westm.	13.7	-0.1
Buehrmann Tet.	66.5	+1.5
Calland Hldgs.	33.6	
Dordtsche Pet'm	164	-1
Elsevier-NDU	117.2	-1.3
Fokker	93	-1.3
Gist Brocades	183.5	
Heineken	156.2	-0.5
Hoogovens	63.2	-1.1
Int Mueller	43.7	
KLM	48.6xc	-0.1
Naarden	49.8	-0.5
Nat Ned Cert	291	-2.5
Ned Mid Bank	165	-2.5
Nedlloyd	158.5	-0.8
Oce Grinten	303	1
Ommeren (Van)	28.9	+0.2
Pakhoed	71	-2.4
Philips	59.8	0.2
Robeco	74.2	+0.6
Rodamco	155.9	-0.1
Rolinco	67.8	-0.3
Rorento	43.8	
Royal Dutch	183	+0.3
Unilever	338	-2
VMF Stork	146	-0.5
VNU	220	+1.5
West Utr Bank	108.1	-1.4

NORWAY

Jan. 24	Price Kroner	+ or —
Bergens Bank	167.5	-1.5
Borregaard	370	-4
Christiania Bank	162	-0.5
DenNorske Cred	168.5	-2.5
Elkem	136	1.5
Kvaerner	180	-1
Norsk Data	417.5	
Norsk Hydro	105.5	1.5
Storebrand	232	-2

SPAIN

Jan. 24	Price Pta %	+ or —
Bco Bilbao	511	-2
Bco Central	306	
Bco Exterior	200	
Bco Hispano	157	-3
Bco Popular	375	-3
Bco Santander	332	
Dragados	169	-3
Hidrola	28.7	-2
Iberduero	92.7	-2.5
Petroleos	165.5	-5.3
Telefonica	119	-2.8

SWEDEN

Jan. 24	Price Kronor	+ or —
AGA	360	
Alfa-Laval	201	-2
ASEA (Free)	340	-5
Astra (Free)	420	-5
Atlas Copco	111	
Cardo (Free)	275	-5
Cellulosa	151	-3
Electrolux B	261	-4
Ericsson	257	-1
Esselte	320	-5
Mo Och Domsjo	279	-1
Pharmacia	200	-1
Saab Scania Free	445	
Sandvik	380	
Skandia	285	-3
Skan Enskilda	55.5	-0.5
SKF	187	-1
St Kopparbergs	160	-2
Sven Handlesbn.	187	-3
Swedish Match	250	-1
Volvo B (Free)	251	-3

SWITZERLAND

Jan. 24	Price Frs.	+ or —
Alusuisse	799	-14
Bank Leu	3,780	-20
Brown Boveri	1,535	+5
Ciba Geigy	2,820	-30
do. (Part Certs)	2,215	-50
Credit Suisse	2,400	-5
Elektrowatt	2,700	-10
Fischer (Geo.)	685	+17
Hoff RochePtCts	89,625	+750
Hoff Roche 1/10	8,975	+50
Jacobs Suchard	6,490	
Jelmoli	2,000	-10
Landis & Gyr	1,675	+5
Nestle	5,920	-30
Oer-Buehrle	1,390	-10
Pirelli	269	
Sandoz (Br)	7,900	+50
Sandoz (PtCts)	1,248	+3
Schindler (PtCts)	715	-15
Sika	1,120	
Surveillance	4,120	+5
Swissair	1,116	+14
Swiss Bank	369	+2
Swiss Reinsce.	9,475	-25
Swiss Volksbk.	1,495	-5
Union Bank	3,690	-5
Winterthur	3,575	-5
Zurich Ins.	19,750	+50

AUSTRALIA

Jan. 24	Price Aust $	+ or —
ANZ Group	4.74	-0.04
Alliance Oil Dev.	1.05	
Ampol Pet.	1.75	-0.01
Ashton	0.77	
Aust Cons Ind.	1.92	-0.04
Aust. Guarantee	2.62	-0.08
Aust. Nat. Inds.	2.52	-0.02
Aust. Paper	3.42	-0.01
Bell Group	4.8	
Bell Res.	4.45	-0.05
Bond Corp Hldgs	1.25	-0.02
Boral	3.27	-0.07
Bougainville	1.83	-0.09
Brambles Inds.	3.68	-0.04
Bridge Oil	2.15	-0.1
B.H. Prop.	5.14	-0.02
CRA	5.22	-0.22
CSR	2.73	-0.01
Carlton Utd.	4.5	
Castlemaine Tys.	4.55	-0.1
Coles (G.J.)	4	
Comalco "A"	2.35	+0.05
Consolidated Pet	0.48	-0.01
Costain Aust	1.25	
Dunlop Aust.	2.1	-0.05
Elders IXL	3.07xc	-0.01
Energ. Res.	1.45	-0.02

AUSTRALIA (continued)

Jan. 24	Price Aust. $	+ or —
Gen Prop Trust	2.24	-0.01
Hardie James	3.0	-0.05
Hartogen Energy	2.15	
Herald W'yTimes	4.1	-0.1
ICI Aust.	2.18	-0.01
Jimberlana F.P.	0.32	
Kia Ora Gold	0.12	-0.01
Lend Lease	5.58	-0.12
MIM	2.41	-0.41
Mayne Nickless	3.13	
Myer Emporium	1.85	
Nat. Aust. Bank	3.7	-0.05
News	12.5	-0.05
Nicholas Kiwi	5.18	
North Bkn Hill	2.15	-0.1
Oakbridge	0.65	
Pancont'l	0.95	-0.05
Pioneer Conc.	1.7	
Poseidon	3.7	-0.1
Queensland Coal	1.2	
Reckitt & Coln.	3.15	
Repco	1.1	-0.05
Santos	5.16	-0.1
Smith (Howard)	3.66	-0.02
Thos. Natwide.	1.9	
Tooth	5.8	
Vamgas	3.15	-0.05
Western Mining	3.03	-0.07
Westpac Bank	3.47xt	
Woodside Petrol.	0.89	+0.01
Woolworths	3.06	-0.01
Wormald Intl	3.15	-0.05

HONG KONG

Jan. 24	Price H.K.$	+ or —
Bank East Asia	24.5	-0.1
Cheung Kong	13.8	+0.2
China Light	14.5	
Evergo	1.6	0.14
Hang Seng Bank	47.5	-0.75
HK Electric	8.0	+0.55
HK Kowloon Wh.	5.75	-0.05
HK Land	4.5	
HK Shanghai Bk.	9.15	-0.05
HK Telephone	60.5	-2.5
Hutchison Wpa.	20.4	-0.7
Jardine Math.	9.4	-0.05
New World Dev.	5.65	+0.1
Orient O'seas.	2.72	-0.03
Oseas Trust Bk.	2.8	
SHK Props.	9.6	-0.2
Shell Elect.	2.0	
Swire Pac A.	25.2	-0.2
TV-B	5.55	-0.1
Wheel'k Mard A.	4.3	+0.08
Wheel'k M'time.	1.1	-1
World Int. Hldgs.	1.94	-0.03

JAPAN

Jan. 24	Price Yen	+ or —
Ajinomoto	1,080	-10
Alps Electric	2,080	-20
Amada	1,170	
Asahi Chem.	675	-12
Asahi Glass	905	-5
Bridgestone	545	
Canon	1,390	-10
Casio Comp.	1,820	-10
Chugai Pharm.	1,040	+10
Citizen	572	-18
Daiei	631	
Dai Nippon Ptg	951	-4
Daiwa House	570	+5
Ebara	341	+5
Eisai	1,520	
Fanuc	11,470	-200
Fuji Bank	1,320	-30
Fuji Film	1,770	-10
Fujisawa	1,010	-30
Fujitsu	1,350	-30
Green Cross	1,660	
Hasegawa	562	-2
Heiwa Real Est	645	+23
Hitachi	683	-2
Hitachi Credit	1,160	
Honda	1,360	+10
House Food	701	+1
Hoya	2,160	-40
Itoh (C.)	364	+12
Ito. Yokado	2,600	+20
Iwatsu	1,440	-40
JACCS	530	
JAL	5,500	+100
Jusco	730	
Kajima	272	-5
Kao Soap	620	-2
Kashiyama	620	-2
Kirin	650	-5
Kokuyo	925	-10
Komatsu	463	+4
Konishiroku	670	-10
Kubota	328	
Kumagai	540	
Kyoto Ceramic	6,990	-10
Maeda Const.	467	-5
Makino Milling	1,320	-20
Makita	1,110	+10
Marubeni	320	-5
Marudai	541	-11
Marui	1,060	-10
MEI	1,580	
M'ta Elec Works	650	+1
M'bishi Bank	1,380	-10
M'bishi	534	-5
M'bishi Elec.	412	-1
M'bishi Estate	575	-2

JAPAN (continued)

Jan 24	Price Yen	+ or —
MHI	246	
Mitsui Co.	337	
Mitsui Estate	670	-8
Mitsukoshi	385	-4
NGK Insulators	935	-5
Nihon Cement	228	-9
Nippon Denso	1,380	
Nippon Elect.	1,210	
Nippon Express	339	
Nippon Gakki	1,710	-50
Nippon Kokan	138	
Nippon Oil	856	-4
Nippon Seiko	674	-7
Nippon Shimpan	560	-4
Nippon Steel	149	-1
Nipppon Suisan	335	
NTV	12,760	260
Nippon Yusen	241	-3
Nissan Motor	615	
Nisshin Flour	490	-7
Nisshin Steel	170	-1
Nomura	917	-3
Olympus	1,240	-30
Orient Leasing	3,540	+110
Pioneer	2,990	-10
Renown	655	-5
Ricoh	936	-14
Sankyo	1,100	-70
Sanyo Elect.	470	
Sapporo	405	-4
Sekisui Prefab	571	
Seven Eleven	8,950	
Sharp	1,100	-80
Shimadzu	825	-3
Shionogi	676	-1
Shiseido	1,100	-30
Sony	3,900	-20
Stanley	894	-11
S'tomo Bank	1,650	-40
S'tomo Elect	940	
S'tomo Marine	600	-3
S'tomo Metal	147	-1
Taihei Dengyo	480	
Taisei Corp.	200	
Taisho Pharm.	1,030	
Takeda	794	-1
TDK	5,380	+60
Teijin	435	-4
Teikoku	648	-5
Tokyo Marine	744	+3
TBS	835	-5
Tokyo Elect Pwr	1,610	+60
Tokyo Gas	167	-2
Tokyo Sanyo	707	-3
Tokyo Style	773	+33
Tokyu Corp.	323	+8
Toppan Print	877	-1
Toray	441	-5
Toshiba Elect.	416	-4
TOTO	681	-14
Toyo Seikan	645	-12
Toyota Motor	1,280	-10
Victor	2,150	
Wacoal	730	-5
Yamaha	731	-1
Yamanouchi	2,770	-30
Yamazaki	675	
Yasuda Fire	375	-2
Yokogawa Bdge.	440	

SINGAPORE

Jan. 24	Price $	+ or —
Boustead Hldgs.	1.5	
Cold Storage	2.42	
DBS	5.7xa	+0.15
Genting	4.92	+0.02
Haw Par. Bros.	1.88	-0.02
Hong Leong Fin.	2.87	-0.01
Inchcape Bhd.	2.43	-0.04
Keppel Shipyard	1.41	+0.01
Malay Banking	5.4	+0.05
Malay Utd. Ind.	2.2	-0.01
Multi Purpose	0.9	-0.01
OCBC	8.6	
OUB	3.6	
Public Bank	1.63	
Sime Darby	1.7	+0.03
Singapore Press	6.3	
Straits Trdg.	4.28	+0.04
Tat Lee Bk.	2.65	-0.02
UOB	4.32	+0.06

SOUTH AFRICA

Jan. 24	Price Rand	+ or —
Abercom	1.2	
AE&CI	7.40	-0.05
Anglo Am Coal	43	+0.5
Anglo Am Corp	24.45	+0.20
Anglo Am Gold	185	+0.5
Barclays Bank	14.75	-0.25
Barlow Rand	10.40	-0.35
Buffels	72	-1
CNA Gallo	2	
Currie Finance	3.35	
De Beers	8.93	+0.12
Driefontein	52	+0.9
FS Geduld	47.5	-3.5
Gold Fields SA	28.5	
Highveld Steel	4.22	-0.01
Nedbank	10	
OK Bazaars	13.75	-0.25
Protea Hldgs	1.38	-0.02
Rembrandt	31.75	+0.25
Rust Plat	17.4	
Safren	12.6	
Sage Hldgs	6.75	
SA Brews	6.3	-0.1
Smith (CG)	21.5	
Tongaat Hulett	6.30	-0.05
Unisec	4.6	

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

OVER-THE-COUNTER *Nasdaq national market, closing prices*

[illegible]

LONDON

Chief price changes (in pence unless otherwise indicated)

RISES

Booker McCon	265	+8
DRG	179	+11
Grand Cent Inv	8½	+2½
ICI	824	+8
Lucas Indes	283	+8
Ransomes Sims	436	+20
Samuelson	780	+30
Scapa	162	+9
Selincourt	19½	+3½
Tilbury	128	+8
Vosper	212	+9

FALLS

Tr 12 87	£100[illegible]	-£[illegible]
Ex 12 99-02	£162½	-£1¼
Tr 2 IL 96	£116	-£[illegible]
BICC	245	-15
Boots	182	-5
Christies Int'l	486	-8
Distillers	307	-10
Etam	132	-12
Fitch Lovell	199	-10
Fosceo Minsep	218	-8
Grand Met	292	-8
Hall Engineering	126	-10
H Queensway	210	-8
LASMO	335	-10
Milford Docks	66	-8
Racal Elect	216	-24
Stroud Riley	47	-5
Tate & Lyle	480	-16
Utd Scientific	243	-12

[illegible]

Continued on Page 36

CANADA

TORONTO

Closing prices January 24

[illegible]

MONTREAL

Closing prices January 24

[illegible]

AMERICAN STOCK EXCHANGE CLOSING PRICES

[illegible]

NEW YORK CLOSING PRICES

Continued from Page 27

[illegible]

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 27

[illegible]

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LONDON STOCK EXCHANGE

MARKET REPORT

Interest rate scare brings fresh fall in equities

Gilt-edged also hit badly

Account Dealing Dates

Option *First Declara-tions	Last Dealings	Account Dealings	Day
Jan 14	Jan 24	Jan 25	Feb 4
Jan 28	Feb 7	Feb 8	Feb 18
Feb 11	Feb 21	Feb 22	Mar 4

* "New-time" dealings may take place from 9.30 am two business days earlier.

A bout of heavy selling midway through the morning session took London equities lower again yesterday. The sales came from institutional sources and were directed initially at leading Electrical shares and the sector, after Racal Electronic's warning on Wednesday of a lack-lustre second-half, was not in receptive mood. The ensuing depression spread quickly into other areas of the market and before long the second consecutive shake-out in equity values gave rise to fears of higher interest rates.

UK money market rates did harden yesterday with the key three-month interbank rate at one stage touching 12¼ per cent. Shortly after this talk abounded that celaring bank base lending rates would have to rise in order to protect a still shaky sterling exchange rate from oil price speculation. A further increase of two percentage points to 14 per cent was feared.

Smaller investors were panicked into realising often substantial short-term profits on equity investments and around midday the market was looking decidedly nervous. Although the pressure lifted during the afternoon, leading shares found it difficult to sustain a recovery. But towards the official close, a report that the NUM President was ready to negotiate with the National Coal Board without pre-conditions brought a slight return of confidence.

This continued in the late trade and the result was that all market-related indices closed well above the day's worst. Illustrating the market's unpredictability yestreday, the FT Ordinary share began the session with a marginal gain on the back of Wall Street's strong performance overnight. By noon, it was a net 18.6 lower and below 1,000 for the first time this week before a close of 12 down on the day at 991.7.

Discount Houses down

Still in the process of re-adjusting to the recent rise in interest rates, Government securities reacted badly yesterday to the possibility of even higher levels. Potential buyers backed away in the face of renewed and sometimes sizeable liquidation and only ventured in after quotations had fallen sharply. The slightly more encouraging news about the miners situation restored some composure but longer-dated gilts still settled with falls stretching to 1½, after 1¾. The shorts finally reduced losses extending to ⅛ to ¼, while recently-strong index-linked slipped nearly a point.

Fears of another increase in clearing bank base rates unsettled Discount Houses. Union, 20 lower at 710p, led the retreat, but Cater Allen dropped 15 to 500p. Gerrard and National, 320p, and Seccombe Marshall and Campion, 330p, relinquished 10 apiece. Hire Purchases, however, chose to ignore the threat of dearer money and paid more heed to comment on First National Finance Corporation's annual results. FNFC rose 2½ more to 86p, after 88p, while Provident Financial put on 5 to 202p. The major clearers were also firmer for choice after a small trade. NatWest gained 8 to 638p and Barclays added 5 at 608p. Merchant banks, recently favoured on takeover hopes, fell quite sharply in places. Hill Samuel gave up 12 at 330p and Hambros 8 at 170p.

The sector's considerable dollar earnings potential helped Lloyds Brokers resist the general trend. Willis Faber rose 12 to 630p and C. E. Heath 5 to 625p as did Stewart Wrightson, to 595p. Life issues succumbed to renewed profitt-aking. Equity and Law lost 6 to 228p and Sun Life dropped 15 to 733p. Composites were fairly volatile.

Breweries were resilient and generally displayed narrow movements. Bass, dull at the outset, reverted to unchanged at 510p following the chairman's encouraging statement at the annual meeting. Distillers, buoyant of late following brokers' bullish circulars, fell 10 to 307p as the company announced cutbacks in whisky production.

Leading Buildings opened steady, but quickly retreated on the appearance of sellers. Occasional buying interest at the lower levels, however, helped most issues close a shade above the worst. Recent U.S. favourite Blue Circle settled 10 down at 505p, after 500p. Tarmac fell 6 to 506p, as did RMC, to 384p, but Redland, underpinned by a broker's recommendation, held steady at 284p. Several secondary issues managed to buck the dull trend. Tilbury Group attracted "new time" buying and gained 8 to 128p, while USM-quoted Access Satellite moved up 4 to 194p ahead of next Tuesdays half-year figures. United Ceramics, still reflecting a newsletter recommendation, firmed 4 more to 57p.

ICI opened higher at 630p on U.S. influences, but subsequently eased to 618p following domestic profit-taking before renewed American support left the close 6 higher on balance at 624p. Among other Chemicals, Coates Brothers issues responded strongly to newsletter comment, the ordinary rising 14 to 184p, after 188p, and the "A" adding 3 to 164p, after 168p.

Dearer money fears prompted an initial widespread mark-down of leading Retailers. Share prices, however, staged a strong rally after the official close leaving most issues with modest losses on balance. A rare firm spot was provided by House of Fraser which hardened 4 to 320p, after 324p, awaiting news from the annual meeting. Secondary counters were mixed. Selincourt attracted fresh speculative support and rose 3¼ to 19½p, but fading bid hopes left Etam 12 lower at 132p. W. H. Smith "A," buoyant of late on consortium takeover prospects, reacted to cautious Press comment and fell to 202p; buyers were evident at this level, however, and the shares rallied well to settle only 4 off on balance at 210p.

Racal weaken further

Leading Electricals bore the brunt of yesterdays selling. Already unsettled by Racal's second-half profits warning and fearful of future cuts in defence spending, sellers were active from the outset. Some buyers did appear at the lower levels, but Racal, after Wednesday's fall of 48, lost 24 more to 216p, after 208p. BICC came under pressure and touched 243p before closing 15 down at 245p, but Plessey closed only a couple of pence off at 188p, after 182p. GEC gave up 4 at 200p, after 196p, and British Telecom eased a few pence to 127p. Thorn EMI recovered from 433p to finish a penny harder on balance at 441p. Elsewhere, Cable and Wireless ended 5 lower at 520p, after 510p, and Standard Telephones and Cables lost 8 to 260p. Awaiting news from yesterday's analysts' meeting, Ferranti declined 6 to 148p. Double-figure losses were commonplace among other secondary stocks. CASE fell 18 to 269p, Oceonics 15 to 130p and United Sicentific 12 to 243p. International Signal and Control gave up 10 at 290p, while Denman, following the disappointing results, dipped 15 to 180p. Against the trend, Systems Designers put on 15 to 460p as did Tunstall Telecom, to 350p.

Selling pressure on the Engineering leaders was relatively light and, after an initial setback, prices recovered to close only a few pence easier on balance. Elsewhere, movements were generally against holders, but some bright spots emerged. Ransomes Sims met with fresh buying interest and put on 20 to 458p; the preliminary figures are due in March. Comment on nationalisation compensation hopes directed attention towards Vosper, up 9 at 212p, while Renold firmed 2 to 55p following the proposed rights issue, dividend and profits forecast. Hill and Smith, up 2 at 76p, and Camford, 33½p, up a penny, both improved after trading statements. In contrast, Hall Engineering, the subject of speculative interest earlier in the week, ran back 10 to 126p.

Leading Foods suffered a shake-out before steadying as selling subsided. Tate and Lyle, 15 down at 480p, after 478p, were the major casualty following disappointing first-quarter figures from its Canadian subsidiary, Redpath Industries. Poor half-year results unsettled Fitch Lovell, which shed 10 to 199p. Among Retailers, Tesco shed 5 to 231p, but current U.S. favourite J. Sainsbury recovered from an initial 312p to close unchanged at 316p.

Hotels followed the dull trend, but managed a modest rally after-hours. Grand Metropolitan closed 8 lower at 292p, after 290p, while Ladbroke, down to 262p at one stage, rallied late and settled 6 cheaper at 267p.

Booker up afresh

Miscellaneous industrial leaders rallied well after sustaining widespread and sometimes substantial losses. BTR, down to 647p at one stage, ended only 6 cheaper on balance at 654p, while Boots finished 5 cheaper at 182p, after 178p. Reed International settled 8 lower at 574p, after 568p, and Hanson Trust 4 down at 323p. Powell Duffryn closed 5 cheaper at 438p despite increasing its profits and dividend forecast in a fresh effort to defeat Hanson's bid. Booker McConnell improved afresh to 265p, up 8, on hopes that Dee Corporation may renew its bid for the company, while Hoskins and Horton hardened 3 to 330p on yet another increased offer from Scottish Heritable Trust. Current takeover counter LCP weer briskly traded and eased to 116p before recovering to 121p and closing 3 cheaper on the day at 119p. Once again, some recent favourites encountered profit-taking and Christies International eased 8 further to 488p. Strong recently on the enfranchisement proposals, Gestetner "A" fell to 90p before closing 4 off on balance at 93p. Rank Organisation settled 4 lower at 326p, after 324p; the company has sold its investment property portfolio in Canada to Hammerson Property for $87.9m cash. Metal Sciences fell 4 to 9p following the disappointing interim statement.

Several Leisure issues moved against the trend. Samuelson Group rose 30 to 780p in a restricted market, while Scanro gained 9 to 162p folowing news that Le Vallonet Company had placed half of its holding with institutional investors. Buying ahead of next Wednesday's interim results left Zetters 3 dearer at 108p.

Proceedings among Motor Components again centred on Lucas which rose 8 more to 283p amid persistent hopes of a bid from American sources; General Motors and Rockwell were again suggested as possible suitors. Dunlop improved a couple of pence to 35½p awaiting further overtures from BTR.

Fleet Holdings were again shrouded by takeover speculation and rose 6 more to 266p; sizeable stakeholdings in the company were announced last week by United Newspapers and Warburg Investment Management. Elsewhere, bid chatter escalated in DRG which spurted 11 to 179p.

Property losses were relatively modest, but bid favourite Stock Conversion gave ground and closed 7 down at 413p. Elsewhere, Property Security and Investment were unchanged at 131p despite increased half-year profits, but revived demand helped estate agents Bairstow Eves improve 3 to 75p. House Property Company of London moved up 15 to 255p, after 260p, on talk that a share stake had changed hands outside the market.

Another lively two-way business developed in Milford Docks which dipped to 59p before settling for a net fall of 6 at 60p; the shares have risen from 55p this week following news of a consortium's option to acquire a near-30 per cent stake from N. G. Investments.

Textiles were irregular. Allied, down to 326p in the early business, rallied to finish 2 firmer on balance at 329p following preliminary profits at the top end of estimates and a proposed 10 per cent scrip issue. In contrast, Stroud Riley Drummond shed 5 to 47p on disappointing first-half results.

Oils remained highly sensitive in front of Monday's OPEC meeting in Geneva where ministers will attempt to reach a compromise on light and heavy crude oil price differentials. With one or two exceptions, the leading UK stocks were marked down sharply at the outset. However, the absence of any sustained selling pressure and renewed American support produced a good rally and the majority closed with minimal changes in either direction. BP were finally a net 3 higher at 505p, having opened at 493p, while Britoil rallied from an initial 195p to close unchanged at 205p. Enterprise Oil eased 4 to 180p, after 178p, but LASMO showed a 10 decline at 335p, reflecting the lack of any bid developments. Shell moved against the general trend and opened firmer at 708p before easing back to 698p and closing unaltered at 705p.

Among Plantations, Grand Central rose 2¼ to 8½p, after 9½p, following an interim compensation payment fro mthe Sri Lankan Government.

Golds at 26-mth lows

All the major sectors of mining markets were in full retreat, none more so than South African Golds which lost ground for the fourth consecutive trading session. Despite bullion hovering above the $300 an ounce level, there were no substantial buyers of Gold which gradually drifted back on persistent small selling. Closing levels were generally the day's lowest and the Gold Mines index dropped 11.4 more to 442.9 — a loss of 23.4 over the past four days and its lowest level since late-November 1982.

A general decline in overnight Sydney and Melbourne markets prompted widespread selling of the Australian stocks.

FINANCIAL TIMES STOCK INDICES

	Jan. 24	Jan. 23	Jan. 22	Jan. 21	Jan. 18	Jan. 17	A year ago
Government Secs.	79.52	80.00	80.82	80.90	80.06	79.73	82.63
Fixed Interest	84.02	84.84	84.14	84.14	83.98	83.89	87.27
Ordinary	991.7	1003.7	1024.5	1003.9	1004.4	987.2	835.1
Gold Mines	442.9	454.3	465.0	466.7	466.3	462.4	530.6
Ord. Div. Yield	4.33	4.30	4.22	4.32	4.33	4.38	4.32
Earnings, Yld.% (full)	10.84	10.74	10.56	10.80	10.83	11.04	9.08
P/E Ratio (net) (*)	11.08	11.18	11.36	11.11	11.09	10.88	13.49
Total bargains (Est.)	33,447	28,533	32,293	31,561	35,500	35,560	26,801
Equity turnover £m.	—	578.48	597.99	466.01	457.92	500.42	425.15
Equity bargains	—	30,119	34,240	30,851	35,279	25,133	28,189
Shares traded (ml)	—	279.4	297.3	249.7	244.9	260.7	245.8

10 am 1,004.8. 11 am 997.5. Noon 985.1. 1 pm 986.3. 2 pm 988.5. 3 pm 987.0.

Basis 100 Govt. Secs. 15/1/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

Nil=10.73.

HIGHS AND LOWS — S.E. ACTIVITY

	1984/85 High	1984/85 Low	Since Compilat'n High	Since Compilat'n Low		Jan. 23	Jan. 22
Govt. Sec.	83.77 (9/1/84)	75.72 (30/7/84)	127.4 (9/1/35)	49.18 (3/1/75)	Daily Gilt Edged Bargains	161.5	186.0
Fixed Int.	87.48 (14/5/84)	80.43 (30/7/84)	150.4 (28/11/47)	50.53 (3/1/75)	Equities Bargains	195.1	221.9
Ordinary	1024.5 (22/1/85)	755.3 (25/7/84)	1024.5 (22/1/85)	49.4 (26/6/40)	Value	1169.2	1208.7
Gold Mines	711.7 (8/6/84)	442.9 (24/1/85)	734.7 (15/2/83)	43.5 (26/10/71)	5-day Average Gilt Edged Bargains	161.7	165.8
					Equities Bargains	188.7	180.5
					Value	1046.3	1041.6

NEW HIGHS AND LOWS FOR 1984/5

NEW HIGHS (158)

AMERICANS (48)
CANADIANS (11)
BANKS (6)
BUILDINGS (5)
CHEMICALS (5)
STORES (2)
ELECTRICALS (6)
ENGINEERING (7)
FOODS (1)
HOTELS (1)
INDUSTRIALS (22)
INSURANCE (8)
LEISURE (4)
MOTORS (1)
NEWSPAPERS (2)
PAPER (1)
PROPERTY (2)
TEXTILES (1)
TRUSTS (15)
OILS (1)
OVERSEAS TRADERS (3)
PLANTATIONS (1)
MINES (2)

NEW LOWS (30)

BRITISH FUNDS (2)
BANKS (1) English Assoc.
STORES (1) Gabicci
ELECTRICALS (3) Microvitec, Real Time Control, Xyllix
ENGINEERING (1) Linread
FOOD (1) Somportex
INDUSTRIALS (2) Ecobric, Metal Sciences
PAPER (1) Lond. Prov. Shop
OILS (5) Moray Firth, Petrolex, Sovereign Oil & Gas, Sun (UK) Royalty, TR Energy
MINES (12) Durban Deep, Simmer & Jack, East Dagga, Eastern Trans. Cons., ERGO, Marievale, Buffels, Doornfontein, Hartebeest Gold, Southvaal, Western Areas, Unisel

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	2	103	2
Corpns, Dom & Foreign Bonds	3	32	39
Industrials	211	572	862
Financial & Props	71	205	288
Oils	7	32	76
Plantations	2	6	9
Mines	29	92	78
Others	98	43	65
Totals	423	1,085	1,309

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Thur Jan 24 1985

Figures in parentheses show number of stocks per section

FIXED INTEREST

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS: 32,165.

A=Ask B=Bid C=Call P=Put

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1985. H Dividend and yield based on prospectus or other official estimates for 1984. Q Gross. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ‖‖ Allotment letters or fully-paid. ■ Introduction. ♦ Unlisted Securities Market. § Placing price. † Figures assumed. †† Official London Listing. ‡‡ Dealt in under Rule 535(3). ‡ Comprising 100 Pfl. and one Pig. share.

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Jan 21	Feb 1	April 25	May 7
Feb 4	Feb 15	May 9	May 20
Feb 18	March 1	May 30	June 10

For rate indications see end of Share Information Service

Stocks favoured for the call included Burmah Oil, Falcon Resources, Churchill Energy, Bula, Bowater, Aran Energy, United Scientific, W. H. Smith, A United Biscuits, Warrants, Cifer, Combined Technologies, Martinez, Normans, Clive Discount, Racal Electronics, Brooke Tool, British Telecom, Britannia Arrow, Dunlop, Dominion International, F H Lloyd, J Sainsbury, Blue Circle, Southwest Resources, Ultramar, Telemetrix, Plessey, House of Fraser, Atlantic Resources, Vosper, FKI, Body Shop, Bio-Isolates, Selincourt, Rockware and Premier Oil. Puts were done in Falcon Resources and Booker McConnell, while double options were taken out in Dunlop, Combined Technologies and C H Bailey.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Blue Circle	505	−10
Bowater	238	−4
Commercial Union	200	−5
Falcon Resources	305	+10
Fisons		
GKN		
Hanson Trust		
ICI		
Jaguar		
LCP Holdings		
Lucas Inds		
Racal Elect		

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

LONDON TRADED OPTIONS

LONDON SHARE SERVICE

BRITISH FUNDS

1984-85 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
105¼	100⅛	Treas. 15pc 1985	100 xd	.....	14.97	12.57
102¾	99	Exch. 12pc Cnv. '85	99	.....	12.01	12.22
97¼	93	Treas 3pc 1985	97	−	3.09	12.16
102⅝	99⅞	Treas 11½pc 1985	99	−	11.52	11.98
99¼	96	Treas 8¼pcCnv '85	98	−	8.91	11.86
104	99⅞	Exch 12¼pc 1985	100⅛	−	12.23	11.98
103	99	Exch. 11¼pc '86	99⅞xd	−	11.76	11.95
102	96	Treas. 10pcCnv 1986	97	−	10.22	11.95
93¾	88¾	Treas 3pc 1986	93¼	−¼	3.22	8.54

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

1984-85 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
20¼	14½	Amer Medical Int $1	20⅛	+⅞	60c	—	2.7
37¼	20¾	Amer Nat. Res. $1	37¼	+1⅞	$1.41	—	3.4
19¼	10⅞	American T. & T. $1	19¼	+½	$1.20	—	5.6
67¼	43½	Ameritech $1	67⅜	.....	$6.00	—	8.0
22¼	15½	Amfac	22⅛	+¼	$1.44	—	5.9
30	16½	♦AridTech	29¼	.....	—	—	—
17⅛	10¼	Bankamerica $1	16¼	+⅛	$1.52	—	8.2
56½	27½	Bankers N.Y. $10	56½xd	+1½	$2.70	—	4.3
10¼	865p	BASIX Corp.	965p	+24	12c	—	1.1
71½	46¼	Bell Atlantic $1	70¼	+¼	$6.40	—	8.2
30¼	19½	Bellsouth $1	30xd	+¼	$2.60	—	7.8
20⅞	12	♦Beth Steel $8	17⅝	+⅛	60c	—	3.1
21¼	11⅞	Bowater Inc.	20⅞	+¼	72c	—	3.1
38¼	19⅞	Brown'g-Fer. 16⅔c	38⅛	+⅝	$1.08	—	2.5
34¼	16⅝	Brunswick Corp.	34⅛xd	+¼	80c	—	2.1
675p	405p	♦Business Computer	467p	.....	—	—	—
35½	24¼	CPC Intnl. 25c	35½xd	+¼	$2.20	—	5.6
23⅛	14½	CSX Corp U.S $1.00	23⅛	+¼	$1.04	—	4.0
15¾	10⅞	CalFed Inc $1.00	15⅞	.....	32c	—	1.8
61½	39⅞	Campbell Soup 60c	57¾	+1¼	$2.50	—	3.9
36½	24⅞	Caterpillar Tractor	29⅞xd	+1	50c	—	1.5
12⅝	643p	Cenergy Corp. 25c	875p	+30	1c	—	0.1
47⅝	27¼	Chase M'hpn $12.5	47⅞xd	+½	$3.65	—	6.9
34⅝	17¼	Chemical New York	34⅝xd	+1¼	$2.36	—	6.1
32⅝	22⅞	Chesebrough-Pond's $1	32⅝xd	+⅝	$1.92	—	5.3
31¼	15½	Chrysler $6¼	31¼	+1⅞	$1.00	—	2.8
39⅛	19⅞	Citicorp $4	39⅛xd	+⅞	$2.06	—	4.7
23½	14⅝	Colgate-P. $1	23½xd	+1	$1.28	—	4.9
52⅞	35⅛	Colt Inds. $1	52⅞xd	+¼	$2.50	—	4.3
29⅝	17	Cons. Foods $1⅓	28⅝xd		$1.30	—	4.1

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BEERS, WINES—Cont.

BUILDING, TIMBER, ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
59	37½	[illegible] 5p	57	−½	[illegible]	2.3	7.8	[illegible]
£250	£167	Do. [illegible]	[illegible]	[illegible]	[illegible]	7.4	[illegible]	—
26½	7	[illegible] Hotels 5p	25	[illegible]	[illegible]	♦	3.1	3.0
420	268	Savoy "A" 10p	[illegible]	.....	2.8	5.6	0.7	26.5
190	86½	Stakis 10p	[illegible]	.....	3.0	2.8	2.3	18.4
161	93	Trusthouse Forte	152	−4	4.74	q1.6	4.6	16.7

INDUSTRIALS (Miscel.)

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
190	100	AAH	[illegible]	+1	6.18	2.3	6.8	9.0
£34	£30	AGA AB K50	[illegible]	.....	[illegible]	1.7	2.8	21.3
268	205	AGB Research 10p	230	−5	[illegible]	1.6	3.8	[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Finance

[illegible]

Australians

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax free to non-residents on application.
- ◆ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3)
- ¢ Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast
- ◆ Merger bid or reorganisation in progress.
- ♣ Not comparable
- ♠ Same interim: reduced final and/or reduced earnings indicated
- § Forecast dividend: cover on earnings updated by latest interim statement
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided
- β No par value.

B.Fr. Belgian Francs. Fr. French Francs. ¢¢ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment; Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	88		Arnott	146	+1
Craig & Rose £1	£31		CPI Hldgs	55	
Finlay Pkg. 5p	47	+1	Carroll Inds.	99	+1
Higsons Brew	112		Dublin Gas	65	
Holt (Jos) 25p	840		Hall (R. & H.)	44	
IoM Stm. £1	130	+7	Heiton Hldgs	15½	
IRISH			Irish Ropes	35	+3
Exch. 12% 1985	£99		Jacob (W. & R.)	60	
Nat. 9¾% 84-89	£84		TMG	72	
Fin. 13% 97/02	£89⅛		Unidare	78	

OPTIONS — 3-month call rates

Industrials	p	GKN	16	Turner Newall	9
Allied-Lyons	15	Hanson Tst	22	Unilever	80
BAT	30	Hawker Sidd	38	Vickers	18
BOC Grp	24	Hse of Fraser	28	**Property**	
BSR	15	ICI	50	Brit Land	14
Babcock	13	"Imps"	14	Cap Counties	18
Barclays Bank	42	Jaguar	18	Land Secs	24
Beecham	30	Ladbroke	20	MEPC	30
Blue Circle	46	Legal & Gen	42	Peachey	24
Boots	18	Lex Service	32	Samuel Props	14
Bowaters	16	Lloyds Bank	42	Sterling Guar.	5½
Brit Aerospace	34	Lucas Inds	24	**Oils**	
Brit. Telecom	7½	Marks & Spcr	10	Brit Oil & Min	4½
Brown (J.)	3	Midland Bk	33	Brit Petroleum	38
Burton Ord	32	NEI	9	Burmah Oil	19
Cadburys	14	Nat West Bk	54	Charterhall	6
Comm Union	15	P & O Dfd	24	Premier	6
Courtaulds	11	Plessey	20	Shell	56
Debenhams	19	Polly Peck	25	Tricentrol	22
Distillers	24	Racal Elect	24	Ultramar	22
Dunlop	5	RHM	10	**Mines**	
FNFC	7	Rank Org Ord	24	Charter Cons	21
Gen Accident	42	Reed Intl	50	Cons Gold	42
Gen Electric	20	Sears	7	Lonrho	14
Glaxo	90	TI	18	Rio T Zinc	60
Grand Met	26	Tesco	8		
GUS 'A'	55	Thorn EMI	42		
Guardian	58	Trust Houses	12		

A selection of Options traded is given on the London Stock Exchange Report page.

"Recent Issues" and "Rights" Page 29

AUTHORISED UNIT TRUSTS

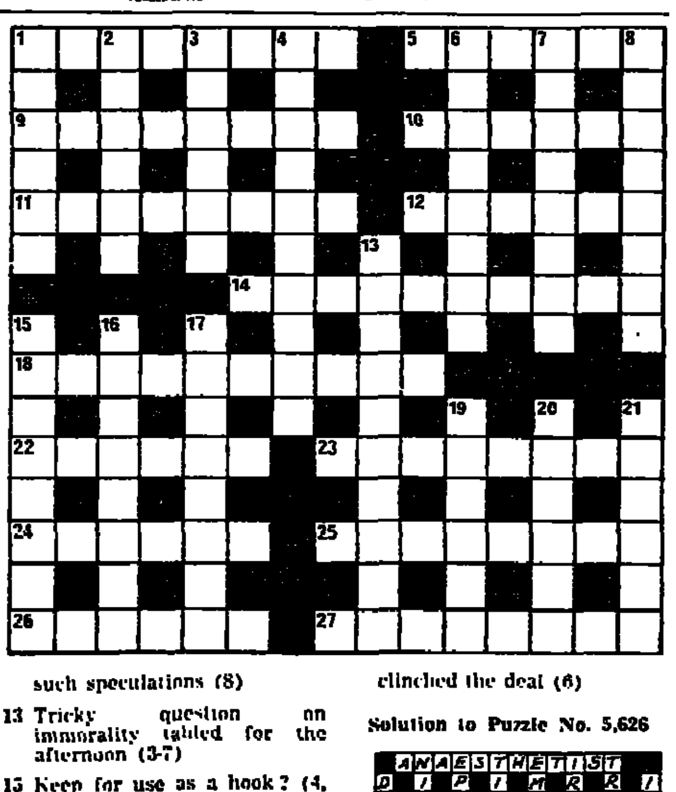
FT UNIT TRUST INFORMATION SERVICE

[illegible]

INSURANCES

[illegible]

F.T. CROSSWORD PUZZLE No. 5,627



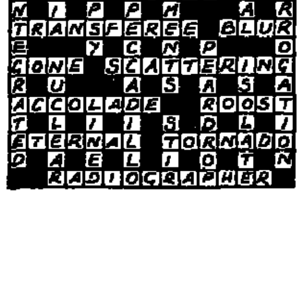
ACROSS

1 Painless treatment for animals (8)
5 Best whipped or put in iced sweet dish (6)
9 Stay for an execution (8)
10 Worked hard to convert voters (6)
11 Standard means processed cheese (8)
12 Possibly descriptive of bread and beer (6)
14 Tasty dish, or picture of one? (10)
18 Not against upsetting an opponent (10)
22 Vegetables with holes in them (6)
23 Hot work getting a century in test (8)
24 He's stupid in trying to open it without a key (6)
25 Breezy girl of a nautical turn (8)
26 Do let's make changes for the first-born (6)
27 It supports one who is lying (8)

DOWN

1 Angelic turn of phrase (6)
2 Aim for a high place in the church (6)
3 Is about to revolt, but flags (6)
4 More than one very big ship is the naval order (10)
6 Certainly no favourite with society (8)
7 Transport for nothing in Hamburg, perhaps (8)
8 There is nothing amiss in such speculations (8)
13 Tricky question on immorality tabled for the afternoon (3-7)
15 Keep for use as a hook? (4, 2, 2)
16 Gave proof of the healthy herd's condition (8)
17 They won't play principal parts (8)
19 The suit we turn up with when working out of doors? (6)
20 Earn a precarious living by fiddling? (6)
21 Not open for business yet clinched the deal (6)

Solution to Puzzle No. 5,626



هكذا من الأصل

INSURANCE, OVERSEAS & MONEY FUNDS

Liberty Life Assurance Co Ltd
Station Rd, New Barnet. 01-440 8210
Fund Managers, Touche Remnant & Co

Gilt Sec A	26.1	27.5	
Blue Chip	22.6	23.8	
Fixed Yield	19.6	20.7	
Guaranteed Mny	15.9	16.8	
Managed	20.7	21.8	
International	28.4	29.9	
Property	17.6	18.5	
Pacific	22.5	23.7	
Equity	16.3	17.2	
Special Sits	24.7	26.1	
Int Currency	14.0	14.8	
Index Linked Secs	10.9	11.5	
American	21.9	23.1	

Life Assur. Co. of Pennsylvania
8, New Rd, Chatham, Kent. Medway 812348

LACOP Units	14.26	15.02	

Lloyds Life Assurance
20, Clifton St, EC2A 4HX. 01-920 0202

Multi Gwth Jan 6		£305.416		
Multi Gwth 'A' Jan 6	278.2	298.8		
Op B Prop Jan 10	262.2	276.0		
Op B Equity Jan 24	367.6	387.0	-4.9	
Op Hy Jan 24	264.3	278.3	-1.3	
Op B Man Jan 24	345.4	363.6	+2.5	
Op B Dep Jan 23	201.0	211.6		31.82
Op B Bond Jan 24	188.4	198.4	+1.1	
Op B Int Dust Jan 24	144.7	152.4	+0.9	81.00
Op B Int Mgmt Jan 24	214.7	226.1	+3.9	
Op B US$ Jan 24	169.5	178.8	+2.9	32.12
Pens B Pr Ac Jan 15	344.3	362.3		
Pens B Eq Ac Jan 15	1028.4	1082.6		
Pens B F1 Ac Jan 15	383.5	403.7		
Pens B Mgd Act Jan 15	603.0	634.8		
Pens B Dp Acc Jan 15	320.6	337.5		
PensBGart Globe Jan 15	112.9	118.9		
Pens B Gart NA Jan 15	103.6	109.1		
PensBGartP Jan 15	122.8	129.3		

For Pensions Capital Units please ring extension 519.

Britannia Funds—Series A

Am Smlr Co's	134.3	141.4	+1.5
Am Spec Sits	161.7	170.3	+2.0

National Provident Institution
48, Gracechurch St, EC3P 3HH 01-623 4200

Managed	198.8	209.3	-1.3
UK Equity	228.0	240.1	-1.1
Overseas Eq	207.5	218.5	+1.6
American	209.8	220.9	+2.4
Far East	184.0	193.7	+0.6
Property	112.3	118.3	
Fixed Int	158.2	166.6	-1.2
Indexed Gilt	106.2	111.8	
Deposit	114.0	120.1	+0.1

Pension Fund Prices

Man Initial	201.2	211.8	-0.7
Man Acc	223.8	235.6	-0.8
UK Eq. Initial	216.5	227.9	-2.6
UK Eq.	237.7	250.3	-2.8
Overseas Eq. Initial	229.6	241.7	+2.0
Overseas Eq.	266.4	270.4	+2.3
American Initial	238.8	251.4	+3.5
American	263.5	277.4	+3.9
Far East Initial	236.6	249.1	+1.0
Far East	261.7	275.5	+1.1
Prop. Initial	108.2	113.9	
Prop	119.3	125.6	
Fixed Int Initial	141.8	149.3	-1.0
Fixed Int	155.8	164.0	-1.1
Indexed Gilt Initial	99.5	104.8	
Indexed Gilt	109.8	115.6	-0.1
Deposit Initial	112.7	118.7	
Deposit	124.9	131.5	+0.2

NPI Pensions Management Ltd.

Managed Fund	536.4	550.2	

Prices Jan 2. Next dealing February 1

New Zealand Insurance PLC
110-114, Baxter Avenue, Southend (0702) 344555

Kiwi Key (Managed)	378.8	390.5	
UK Equity	170.3	179.3	-1.2
American	260.9	281.0	+1.4
Pacific	391.6	412.2	+0.4
Property	153.1	161.1	
Gilt	176.1	185.4	-1.0
High Inc. Equity	160.8	169.3	-0.8
High Inc. Fxd Int	100.7	106.0	-0.3
Deposit	150.0	157.9	
Index-Linked Gilt	102.1	107.5	-0.4

Norwich Union Insurance Group

OFFSHORE AND OVERSEAS

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$11.77		+0.01	

Inv Adv. M & G Inv. Mngt. Ltd London

Wren Commodity Management Ltd.
10, St George's St, Douglas IoM 0624 25015

Wren Com. Fund	31.27	33.2	1.10
Chorme Fund	58.8	61.7	1.70
Precious Metal Fund	71.4	76.3	8.30
Vanguard Cmdy Fd	20.3	20.9	0.00
Financial Futures Fd	32.5	33.8	

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal Luxembourg

Dynamic Gwth Fd	$9.10		+0.07

Money Market Trust Funds

	Nom	Apr	Int Cr	Notice

The Money Market Trust
63 Qn Victoria St, EC4N 4ST 01-236 0952

Call Fnd	11.80	12.27	6-mth	Call
7-day Fnd	11.39	11.75	6-mth	7-day

Oppenheimer Money Management Ltd
66 Cannon St, EC4N 6AE 01-236 1425

Call Fnd	11.69	12.03	6-mth	Call
7-day Fund	11.54	11.87	6-mth	7-day
Money Mngt. Acct	11.37	11.87	3-mth	Call
Dollar	7.00	7.12	6-mth	2-day

Money Market Bank Accounts

	Nom	APR	Int Cr	Notice

Aitken Hume
30 City Road, EC1Y 2AY 01-638 6070

Treasury Acc	11.375	11.87	Qtr	Call
Mtn. Int Chq	11.25	11.85	Mthl	Call

Bank of Scotland
38 Threadneedle St, EC2P 2EH 01 628 8060

Cheque Acc.	11.25	11.85	Mth	Call

Barclays Prime Account
PO Box 125 Northampton 0604 252891

High Int Cheque	11.50	12.00	Qtr	Call

COMMODITIES AND AGRICULTURE

NZ expects record wool production

WELLINGTON — The New Zealand Wool Board estimated that wool production for the 1984-85 season ending on June 30 will be a record 391,000 tonnes, 7.5 per cent higher than in 1983-84.

Mr Doug McIlraith, the board's chairman, said very favourable seasonal conditions last year helped drought-affected areas recover, generating a better and more stylish wool clip.

New Zealand wool exports totalled 92,247 tonnes in the first five months of the 1984/85 season compared with 91,810 tonnes the year before, the board's half-yearly review said.

However, the value of exports rose sharply to NZ$447m (£180m) in the period from NZ$373m in July-November 1983.

Exports to China rose by 180 per cent to 6,353 tonnes, to Belgium by 85 per cent to 5,611 tonnes, to Japan by 29 per cent to 14,446 tonnes, to France by 27 per cent to 6,452 tonnes, and to the UK by 26 per cent to 13,292 tonnes. Those to the Soviet Union fell by 61 per cent to 5,329 tonnes.

In London, meanwhile, the International Wool Secretariat said raw wool imports into Eastern Europe could rise to about 215,000 tonnes by the late 1980s, compared with 208,000 tonnes in 1983.

Poland, Hungary and Yugoslavia increased their wool imports last year, although the overall Eastern European total fell slightly from 1983 because of a shift in import timing by the Soviet Union, which accounts for two-thirds of the total.

Output of wool and wool-type fabric in Poland rose by 7 per cent last year. Output also grew in the Soviet Union and Yugoslavia. Further overall growth is foreseen for this year.

Domestic wool production in Eastern Europe reached a record 280,000 tonnes last year, largely because of higher Soviet output based on increased sheep numbers, the secretariat said.
Reuter

Florida 'has lost half citrus crop'

BY NANCY DUNNE IN WASHINGTON

THIS WEEK'S freeze is estimated to have wiped out about *half of Florida's citrus crop*, according to Mr Robert Graham, the state governor.

Citrus industry officials estimate that the cost of damage to citrus groves from the three nights of intense cold will be about $1bn (£900m).

On Tuesday, Mr Graham declared a state of emergency because of the freeze.

Early trading in U.S. orange juice futures on the New York cotton exchange moderated yesterday as prices rose a little more than 2 cents a pound to $1.82 a pound.

Prices rose by the the 5-cent daily limit in each of the previous three days as traders absorbed the news of severe tree damage. Warmer weather came on Wednesday bringing the threat of rot to the frozen fruit, and pickers worked over*time to rescue what fruit they* could for processing.

Florida officials are taking what comfort they can from the freeze: they are hoping it will deliver a final blow in their battle against citrus canker, a bacteria that can kill citrus trees.

Canker turned up in Florida last autumn for the first time since the 1920s. An epidemic led to an eradication effort in which millions of young trees were destroyed.

Although Florida officials said this year's freeze had caused more damage than the Christmas freeze a year ago, there is some consolation because citrus canker cannot withstand cold.

India exports cotton yarn

BY R. C. MURTHY IN BOMBAY

INDIA has decided to resume exports of cotton yarn this year following a good cotton crop which has assured adequate supplies of yarn by spinning mills to the textile industry.

No restrictions on the quantity of yarn for export are placed for grades finer than 60s, but the Government has fixed a 1985 export ceiling of 6m kilos for grades between 41s and 60s.

Exports of yarn below the 40s grade are not yet allowed because the country's production of this yarn is required for making cloth by handlooms—a method favoured by the Government because of its high employment potential in the countryside.

Last year, the Government fixed a yarn export quota at 8m kilos of which 6m kilos were in grades up to 40s. That drew protests from handloom co-operatives, forcing the Government to halt exports half-way through the year.

Yarn exports this year are expected to be larger than last year because the crop of finer varieties of cotton is good.

Sugar estimate increased

RATZEBURG — World sugar production is likely to exceed earlier forecasts, disappointing those who had hoped for a small improvement in the market balance this year, according to F. O. Licht, the West German statistics organisation.

Licht says its second estimate of 1984/85 world sugar production indicates output of 97.957m tonnes, 1.1 per cent up on its first estimates of 96.887m.

However, uncertainty surrounds the Soviet, Cuban and Indian crops, it says. The Soviet crop is apparently better than expected and further upward revisions of its output are possible.

Part of the increase can be attributed to better weather,
Reuter

Big freeze brings fall in U.S. oil stocks

U.S. STOCKS of distillate fuel dropped by 7.6m barrels to *151.8m barrels last week as win*ter temperatures fell to record lows, the American Petroleum Institute said.

Distillate stocks stood well ahead of those at this time last year, however, when API reported them at 130.9m barrels.

Crude oil stocks rose last week by more than 3m barrels to 344.6m barrels, 5m barrels less than this time last year.

U.S. gasoline stocks were virtually unchanged from last week at a plentiful 241.4m barrels, 16m barrels more than last year. Residual fuel oil stocks dropped by 2.2m barrels from last week to 52m barrels, but were 7.6m barrels head of last year's level. Crude imports held steady at 2.3m barrels.

● **DUTCH** cocoa bean grindings fell by 2.8 per cent to 42,140 tonnes in the fourth quarter of 1984 from 43,370 tonnes in the same quarter of 1983, the Central Bureau of Statistics said. The fourth quarter result brought last year's total to 161,420 tonnes, up 2.9 per cent from the previous record 156,940 tonnes in 1983.

● **CHINA** is making emergency moves to speed construction of crop storage units following bumper crops of grain, cotton and other farm produce, the New China News Agency said. The Government has allocated extra funds equal to $600m (£540m) to build more space and is encouraging peasants to construct their own stores.

● **NICARAGUAN** coffee exports are forecast to drop sharply after a harvest disrupted by a guerrilla campaign. Nicaraguan officials predict a decline of at least 20 per cent, but foreign experts say the drop could be by more than a third over last year's figures.

● **INDIA** has cut the price of its iron ore exports to Japan by 23 per cent because of the recession in the world steel industry which has affected the Japanese markets, Mr P. A. Sangma, Minister of State for Commerce said.

A correspondent explains why the factory ships have left Cornwall

Falmouth bids farewell to the klondykers

AN ERA has come to an end for Falmouth and the Cornish fishing industry with the departure of the last of the "klondykers"—the foreign factory ships transhipping mackerel from British trawlers.

The klondykers' presence has characterised the winter scene at Cornwall's main port for the past eight years. From the beginning of the year, however, the south-west mackerel box — the large area off Cornwall subject to restricted fishing — closed for at least two years to protect stocks.

With shiprepair in the doldrums and no offshore energy exploration work in the western approaches, the departure of the klondykers represents the loss of another important revenue sector for Falmouth.

The annual "invasion" of foreign factory ships — mostly from the Eastern bloc — and Scottish and east coast catcher trawlers brought a boom for the town's traders and most sectors of the port operation.

It also brought persistent public protests against the noise, smell and refuse generated.

The transhipment operations peaked in 1979-80, when they were estimated to be worth more than £1.5m to the port.

At that stage Falmouth was handling more fish than any other port in the UK. It had become the main centre for a mackerel export operation, with catchers transferring the *fish to processing vessels from* the Eastern bloc and Italy, Egypt and Ghana.

In 1980 it handled nearly 90,000 tonnes worth £8m. Before 1970 its landings had been insignificant.

Since 1980, however, the operations have contracted each winter as conservation measures have become more intense. This winter has been the slackest yet, with no more than four factory ships operating off the port at any one time and only about 20 catcher trawlers supplying them.

A factor against any eventual return of the klondykers is that fisheries scientists are considering extending the box.

The transhipment operations were first seen off Falmouth in October 1977, and at their peak there were more than 40 factory ships and more than 100 catcher trawlers. Their coming heralded a new chapter in the history of the south-west mackerel industry.

The early to mid-1970s were prosperous years for Cornish inshore fishermen. The mackerel was plentiful and the men had the water almost to themselves.

Fishermen's co-operatives sprang up and in winter hardly a quayside was to be seen without trawlers off-loading catches of mackerel. The fish was transferred to lorries which took it to English and Continental market.

From around 1975, however, the fishermen's fortunes slumped.

First, the larger, more sophisticated trawlers from Scotland and the east coast of England began to appear in the south-west following the depletion of North Sea herring stocks and the consequences of the cod war. It became clear that south-west mackerel fishery was the most attractive winter fishery left and the bigger boats joined the fray in increasing numbers.

They were joined by growing numbers of large factory ships from the Eastern bloc.

Then, however, came the EEC's 200-mile fishing limit so that the Eastern bloc vessels could no longer catch the fish themselves. This did not deter the foreign factory ships, however: they returned to the scene and instead of catching fish, transhipped them from the British catcher trawlers.

Their departure from the south-west focuses attention on Ullapool, Scotland, where mackerel transhipment operations are continuing and which has taken over from Falmouth.

Scots to grow flax after 40-year gap

BY A CORRESPONDENT

FLAX IS to be grown as a commercial crop in Scotland this year for the first time in more than 40 years.

Farmers are being encouraged to return to the crop by *the newly-formed Tayside* Flax and Linen Company, whose directors have drawn sufficient confidence from an extended production trial in the region to announce the creation of a £500,000 scutching, or processing, mill in Arbroath.

The company's initial target is an annual turnover of £1m absorbing the output from up to 1,500 acres of Tayside flax. If the development proves a success, the capacity of the Arbroath mill will be doubled. Its initial workforce will total 15.

There is also a chance that in addition to the commercially-financed mill, a group of Tayside farmers will soon announce plans for a processing plant to be run as part of a grower's co-operative.

Even if both ventures are brought to fruition, there seems little danger of the flax market becoming over-supplied with the Scottish product. Mr Alex Stott of Malcolm MacLaine, the international textile merchant which has already backed its confidence in the Scottish crop by taking a 20 per cent stake in the Tayside development, said: "At present, demand for the flax easily outstrips supplies."

MacLaine's business partners are the British Linen Bank, also *with a 20 per cent stake*; the Scottish Development Agency; Moray Firth Maltings; Francis Webster and Sons Ltd; and businessmen and farmers in the area.

It is hoped that the growers will be prepared to come in with a total of £80,000, although company directors said they were looking for a lot of "fairly modest" investments rather than one or two large amounts.

The farmers have yet to promise to supply the mill with flax straw, although with contracts now being issued, there seems little doubt that enough growers will be found to support the development.

Mr Stott said: "Trials during the past three or four years in Tayside have shown that the area is capable of producing high quality straw. We are confident in the quality of the product we'll be working with and in the continuing strength of the flax market worldwide."

Mr John Compton, the farmer who heads the alternative growers' co-operative, believes the area can support two mills without production or marketing problems. However, he thinks Tayside Flax and Linen may lack production expertise.

Mr George Mathieson, another of Tayside Flax and Linen's directors, sought to counter that suggestion by stressing that the setting-up of the Arbroath plant would almost certainly mean bringing in executive experience from the Continent where flax is already an established crop.

Wheat harvest in Australia nearly complete

SYDNEY — The 1984-85 Australian wheat crop has nearly all been gathered after a quick and trouble-free harvest in all states, the Australian Wheat Board said.

The board has received 17.15m tonnes so far out of total expected receivals of about 17.2m, compared with receivals of 21.02m from last season's record crop of 22.06m.

However, the board's 4.9m-tonne carryover as of the end of its shipping year on November 30 will give it about the same availability as in 1983/84.

The quality of the 1984/85 crop is said to be high with relatively small receivals of general purpose or feed wheats, in contrast to the rain-hit 1983/84 harvest.

In 1983/84, the board received 4.7m tonnes of weather-damaged general purpose wheat suitable only for feed, and 1.2m tonnes of general purpose milling wheat.

LONDON MARKETS

COFFEE prices on the London futures market fell sharply yesterday in reaction to the preceding strong rise. Profit-taking and belated hedge selling pushed the March position down £37 to £2,378.50 at the close, virtually wiping out this week's earlier advance.

Traders said the market had been overdue for a technical correction.

The cocoa futures market was erratic with the May quotation slipping to £2,081 a tonne before closing £3 down on the day at £2,092.50 a tonne. The early fall reflected New York's weak tone overnight but the market recovered on currency uncertainties and modest manufacturer demand.

MAIN PRICE CHANGES

In tonnes unless otherwise stated

	Jan. 24 1985	+ or −	Month ago
METALS			
Aluminium	£1100		£1100
Free Mkt.	$1150/1180	−25	$1116/1140

INDICES

FINANCIAL TIMES

Jan. 23	Jan. 22	M'th ago	Year ago
297.35	298.24	—	296.06

OIL

Arab Gulf crudes were slightly weaker. Brent Blend traded around Wednesday's levels for February but was quoted slightly higher at the close. Nymex crude opened 2c down and slipped to 15c down by 1pm EST after moderate morning trading.

U.S. MARKETS

PRECIOUS METALS were generally weaker on lower energy prices and continued long liquidation, reports Heinold Commodities. Heating oil traded lower in spite of a constructive [illegible]

OTHER MARKETS

PARIS

MEAT

WOOL FUTURES

COTTON

CURRRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar sharply weaker

The dollar lost ground in currency markets yesterday as continued fears of central bank intervention continued to play a major part in controlling market sentiment. Despite a fairly steady start in comparison with Wednesday's closing levels in London, the dollar failed to attract sufficient demand to push it above the psychologically important DM 3.18 level.

This tended to unnerve market traders and despite the absence of any central bank intervention on the open market, the dollar was sold, triggering stop loss selling which was multiplied as the U.S. unit broke through downward chart resistance levels. Consequently it closed at DM 3.1560 against the D-mark, its lowest close for nearly two weeks and down from DM 3.1795 on Wednesday. Against the Japanese yen it slipped to Y253.70 from Y254.35 and SwFr 2.6550 from SwFr 2.6815. Against the French franc it fell to FFr 9.6625 from FFr 9.7225. On Bank of England figures, the dollar's trade weighted index fell to 146.1 from 146.5.

STERLING—Trading range against the dollar in 1984-85 is 1.4540 to 1.1165. December average 1.1873. Exchange rate index 70.7, unchanged from Wednesday, having equalled the all time low of 70.6 during the day. The six months ago figure was 79.0.

Sterling was weaker against most European currencies but improved against the dollar. Wednesdays rumours of oil price cuts had left many people short on sterling and yesterday's trading saw some degree of correction, encouraged by the late weakness of the U.S. currency. Consequently sterling rose to $1.1170-1.1180 against the dollar, a rise of 70 points.

It was weaker against the D-mark at DM 3.53 from DM 3.5350 and SwFr 2.97 from SwFr 2.98, but improved against the yen at Y283.75 from Y282.75 and FFr 10.8025 compared with FFr 10.80.

D-MARK — Trading range against the dollar in 1984-85 is 3.1935 to 2.5535. December average 3.1021. Trade weighted index 126.5 against 124.1 six months ago.

The Bundesbank sold $16.9m at yesterday's fixing in Frankfurt and the dollar was fixed lower at DM 3.1690 from DM 3.1739. Early trading volume was subdued by the possibility of central bank intervention. However these fears proved to be unfounded as there were no obvious signs of dollar sales by the central bank.

Elsewhere sterling was lower at DM 3.5320 from DM 3.5510 while the Swiss franc improved to DM 1.1886 from DM 1.1870. Within the EMS the Belgian franc rose to DM 5.00 per BFr 100 from DM 4.9980 and the French franc was higher at DM 32.7 from DM 32.685 per FFr 100.

STERLING EXCHANGE RATE INDEX

(Bank of England)

	Jan 24	Previous
8.30 am	70.8	71.0
9.00 am	70.7	71.0
10.00 am	70.7	71.0
11.00 am	70.6	71.0
Noon	70.6	70.9
1.00 pm	70.6	70.8
2.00 pm	70.7	70.8
3.00 pm	70.6	70.8
4.00 pm	70.7	70.7

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu January 24	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9008	44.4129	−1.09	−0.04	±1.5428
Danish Krone	8.14104	7.92302	−2.68	−1.63	±1.6421
German D-Mark	2.24184	2.22081	−0.93	+0.12	±1.1463
French Franc	6.87456	6.79226	−1.20	−0.15	±1.3659
Dutch Guilder	2.52596	2.50937	−0.66	+0.39	±1.5165
Irish Punt	0.72569	0.713721	−1.65	−0.60	±1.6671
Italian Lira	1403.49	1367.34	−2.58	−2.22	±4.0611

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

	January 24	Prev. close
£ Spot	$1.1170-1.1177	$1.1180-1130
1 month	0.40-0.38pm	0.42-0.40 pm
3 months	1.08-1.04pm	1.09-1.06 pm
12 months	3.40-3.30pm	3.35-3.15 pm

Forward premiums and discounts apply to the U.S. dollar.

POUND SPOT—FORWARD AGAINST POUND

[illegible]

Belgian rate is for convertible francs. Financial franc 71.00-71.10. Six-month forward dollar 1.73-1.68c pm, 12-month 2.40-2.25c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

[illegible]

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 63.55-63.65.

OTHER CURRENCIES

[illegible]

* Selling rate.

CURRENCY RATES

[illegible]

CURRENCY MOVEMENTS

[illegible]

Morgan Guaranty changes: average 1980-1982=100. Bank of England index (base average 1975=100).

EXCHANGE CROSS RATES

[illegible]

EURO-CURRENCY INTEREST RATES (Market closing rates)

[illegible]

Asian $ (closing rates in Singapore): Short-term 8¾-8⅝ per cent; seven days 8 13/16-8 11/16 per cent; one month 8 13/16-8 11/16 per cent; three months 8¼-8⅛ per cent; six months 8 15/16-8 13/16 per cent; one year 9⅛-9 per cent. Long-term Eurodollars: two years 10½-10¾ per cent; three years 10⅞-11⅛ per cent; four years 11¼-11½ per cent; five years 11⅝-11⅞ per cent nominal. Short-term rates re call for U.S. dollars and Japanese yen; others two days' notice.

FINANCIAL FUTURES

Cable watching

There was a marked contrast between sterling and dollar denominated interest rate contracts on the London International Financial Futures Exchange yesterday. As far as gilt and sterling deposit futures were concerned the one overwhelming factor was the pound's movements on the foreign exchange.

With the whole market occupied in "cable watching," sterling's vulnerability led to some near panic selling on occasions, although the tone improved towards the close as the pound moved towards its highest level of the day and an unsubstantial rumour swept the market that a U.S. bank had cut its prime.

March sterling deposits opened at the day's high of 88.45, and fell to a low of 87.99 but then recovered on short covering to finish at 88.20 compared with 88.39 on Wednesday, as sterling rose against the dollar, and the U.S. currency fell below the important resistance level of DM3.16 against the D-mark.

Gilt futures were influenced by similar factors, and were also helped towards a late improvement by the good performance of the U.S. bond market. Dealers commented that this reflected expectations of continuing low U.S. inflation and was also a movement to correct the yield curve as bonds caught up with the trend in short term instruments. U.S. investment houses were reported to be sellers of Eurodollar futures, but London was more bullish, helping March Eurodollars to close little changed on the day.

LONDON

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
March	91.28	91.30	91.21	91.27
June	90.74	90.76	90.64	90.69
Sept	90.18	90.19	90.08	90.14
Dec	89.71	89.71	89.61	89.67
March	89.33	89.33	89.20	89.28

Estimated volume 3,245 (6,302)
Previous day's open int 12,156 (12,131)

THREE-MONTH STERLING
£500,000 points of 100%

[illegible]

20-YEAR 12% NOTIONAL GILT; STERLING £25,000 $ per £; DEUTSCHE MARKS; SWISS FRANCS; JAPANESE YEN; FT-SE 100 INDEX

[illegible]

U.S. TREASURY BONDS
8% $100,000 32nds of 100%

	Close	High	Low	Prev
March	72-30	72-31	72-10	72-15
June	72-02	72-02	72-01	71-19

Estimated volume 1,910 (2,550)
Previous day's open int 2,200 (2,063)

CHICAGO

U.S. TREASURY BONDS (CBT)
8% $100,000 32nds of 100%

[illegible]

U.S. TREASURY BILLS (IMM); CERT. DEPOSIT (IMM); THREE-MONTH EURODOLLAR (IMM); STERLING (IMM); GNMA (CBT)

[illegible]

MONEY MARKETS

London nervous about sterling

Trading on the London money market was very nervous yesterday, as dealers kept their attention fixed steadily on sterling's movements on the foreign exchanges. Concern about the pound renewed suspicions about another rise in clearing bank base rates, and this encouraged the discount houses to sell as much paper as possible to the Bank of England. Dealers suggested there is still a shortage of bills in the market however and this tended to keep day-to-day money fairly expensive for most of the day, although conditions finished comfortable after the authorities appeared to money was to be sold on. Domestic interest rates were driven higher by this fear, with three-month interbank rising to 12⅞-12¾ per cent, before easing back to 12 7/16-12 5/16 per cent at the close compared with 12⅝-12½ per cent on Wednesday.

Discount houses buying rates for three-month bank bills were 11⅞ per cent compared with 11¼-11⅝ per cent.

The Bank of England forecast a money market shortage of £350m and provided total help of £418m.

Before lunch the authorities bought £317m bills outright, by way of £111m bank bills in band 2 (15-33 days maturity) at 11⅞ supply more than enough help to the market.

Early nervousness was not helped by bidding for Euro-sterling by foreign banks, which encouraged suspicions that this per cent; £44m bank bills in band 3 (34-63 days) at 11⅞ per cent; £20m Treasury bills in band 4 (64-91 days) at 11¾ per cent; £28m local authority bills in band 4 at 11¾ per cent; and £114m bank bills in band 4 at 11¾ per cent.

In the afternoon another £81m bills were purchased outright, through £2m bank bills in band 3 at 11⅞ per cent; £40m local authority bills in band 4 at 11¾ per cent; and £39m bank bills in band 4 at 11¾ per cent.

Late assistance of around £20m was also provided.

Bills maturing in official hands, repayment of late assistandce and a take-up of Treasury bills drained £328m, with a rise in the note circulation absorbing £15m, and bank balances below target another £65m. These were partly offset by Exchequer transactions adding £80m to liquidity.

UK clearing banks base lending rate 12 per cent since January 14.

MONEY RATES

Jan. 24	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.45 5.50	10⅛	2⅞-3⅛	5⅜ 5½	6.34375	15⅝-16	7.05	14¾-15
One month	5.70-5.85	10 1/16 10 3/16	5 7/16-5 9/16	6 1/16-5¾	6.28125	15⅝-16	10⅝ 10⅞	14¾ 15
Two months	5.65-5.80	10 1/16 10 3/16	—	—	—	—	—	14⅝-14⅞
Three months	5.75-5.90	10 1/16 10 3/16	5⅜ 5½	6 1/16 6 3/16	6.34375	15¾-16⅛	10⅝-10⅞	14⅝-14⅞
Six months	5.85-6.00	10 1/16-10 3/16	—	5⅞-6	—	—	10⅝ 10⅞	14¼-14½
Lombard	5.5	—	—	—	—	—	—	—
Intervention	—	10½	—	5¾	—	—	—	—

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

[illegible]

ECGD Fixed Rate Export Finance IV: Average Rate of interest period December 1984 to January 1 1985 (inclusive): 9.913 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 10 per cent from January 1, 1985. London and Scottish Clearing Bank Rates for lending 12 per cent. London Deposit Rates for sums at seven days' notice 9 per cent. Treasury Bills: Average tender rates of discount 11.4022 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 11¾ per cent; one-three months 12 per cent; three-six months 11¾ per cent; six-nine months 11¾ per cent; nine-12 months 11¾ per cent. Under £100,000 11 per cent from January 15. Deposits held under Series 5 10 per cent. The rate for all deposits withdrawn for cash 8 per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. January 24)
3 months U.S. dollars: bid 8 1/4, offer 8 3/8
6 months U.S. dollars: bid 8 5/8, offer 8 3/4

The fixing rates are the arithmetic means, rounded to the nearest one sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

[illegible]

$ WORLD VALUE OF THE DOLLAR

BANK OF AMERICA NT & SA, ECONOMICS DEPARTMENT, LONDON

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, January 23, 1985. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

Bank of America, Economics Dept, E.M.E.A. London
Eurodollar Libor as of January 23 at 11.00 a.m.
3 months: 8¾ 6 months: 8⅞

ECU=$US.700411 SDR1=$US.974509
Sibor as of January 23 at 11.00 a.m.
3 months: 8⅞ 6 months: 8⅞

COUNTRY	CURRENCY	VALUE OF DOLLAR
[illegible]		

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for January 24.

OVER-THE-COUNTER

Continued from Page 28

Indices

NEW YORK-DOW JONES

	Jan 24	Jan 23	Jan 22	Jan 21	Jan 18	Jan 17	1984-85 High	1984-85 Low	Since Compilation High	Since Compilation Low
Industrials	1,270.43	1,274.73	1,258.50	1,261.37	1,227.36	1,228.69	1286.64 (6/1/84)	1088.57 (24/7)	1287.20 (6/1/84)	41.22 (2/7/32)
Transport	604.52	603.85	594.11	583.22	577.72	584.70	612.63 (9/1/84)	444.03 (25/7)	612.63 (9/1/84)	12.32 (8/7/32)
Utilities	147.93	148.70	147.83	147.77	147.57	148.24	149.93 (18/12)	122.25 (15/6)	163.72 (20/4/69)	10.5 (28/4/42)
Trading vol	—	144m	174m	146m	104m	113m	—	—	—	—

	Jan 18	Jan 11	Jan 4	Year Ago (Approx)
Ind Div Yield %	4.91	4.94	5.08	4.33

STANDARD AND POORS

	Jan 24	Jan 23	Jan 22	Jan 21	Jan 18	Jan 17	1984-85 High	1984-85 Low	Since Compilation High	Since Compilation Low
Industrials	198.81	198.88	196.55	196.13	191.25	198.54	196.13 (21/1/85)	167.74 (24/7)	196.13 (21/1/85)	3.62 (30/6/32)
Composite	176.71	177.29	175.48	175.23	171.32	178.73	175.23 (21/1/85)	147.82 (24/7)	175.23 (21/1/85)	4.40 (1/6/32)

	Jan 9	Jan 2	Dec 26	Year Ago (Approx)
Ind div yield %	4.15	4.14	4.11	3.68
Ind. P/E Ratio	10.31	10.32	10.42	13.74
Long Gov Bond Yield	11.40	11.65	11.38	11.66

N.Y.S.E ALL COMMON

Jan 24	Jan 23	Jan 22	Jan 21	1984-85 High	1984-85 Low
102.83	102.27	101.28	101.12	103.12 (21/1/85)	85.13 (24/7)

RISES AND FALLS

	Jan 23	Jan 22	Jan 21
Issues traded	2,042	2,047	2,008
Rises	1,165	934	1,324
Falls	485	681	374
Unchanged	392	432	308

January 23.

New York Active Stocks

	Stocks Traded	3.00p.m. Price	Change on Day
Hewlt-Pack	2,429,800	34	−1⅛
Southern	2,113,600	18¾	−⅛
Phil Pete	2,094,100	47¼	+1¼
IBM	1,527,800	130⅝	+1
ATT	1,464,100	21⅝	+⅛
AM Express	1,430,000	39⅞	+⅞
US Air Gr	987,700	36¾	+½
Baxter Lab	945,500	13⅞	unch
Exxon	861,900	47⅞	−⅜
Chicorp	870,800	43¾	+¾

Advances 998 Declines 572

TORONTO	Jan 24	Jan 23	Jan 22	Jan 21	1984-85 High	1984-85 Low
Metals & Mnls	2,124.8	2,115.60	2,093.1	2,081.65	2524.4 (12/1)	1641.2 (25/7)
Composite	2,525.5	2,509.92	2,491.8	2,484.45	2585.7 (6/1)	2079.7 (24/7)
MONTREAL Portfolio	127.11	124.25	124.46	121.70	126.83 (10/1)	108.36 (24/7)

* Indicates pre-close figure

	Jan. 24	Jan. 23	Jan. 22	Jan. 21	1984-85 High	1984-85 Low
AUSTRALIA						
All ord. (1/1/80)	753.3	758.5	758.5	750.7	787.9 (9/1/84)	546.3 (18/6)
Metals & Mins. (1/1/80)	429.2	442.9	441.4	432.8	667.4 (3/1/84)	395.6 (7/1/85)
AUSTRIA						
Credit Aktien (2/1/62)	58.21	58.40	58.22	58.85	59.67 (28/12)	53.20 (15/6)
BELGIUM						
Brussels SE (1/1/80)	2125.98	2121.28	2118.29	2098.82	—	—
DENMARK						
Copenagen SE (3/1/83)	166.36	166.19	165.46	162.79	225.21 (20/1/84)	158.44 (8/1/85)
FRANCE						
CAC General (31/12/82)	195.5	193.2	191.9	190.8	195.5 (24/1/85)	155.6 (3/1/84)
Ind Tendance (28/12/84)	107.8	105.4	104.7	104.1	107.8 (24/1/85)	100.0 (28/12/84)
GERMANY						
FAZ Aktien (31/12/58)	395.42	395.82	402.66	402.51	402.73 (18/1/85)	317.17 (25/7)
Commerzbank (1/12/53)	1149.60	1150.5	1171.1	1169.4	1171.1 (22/1/85)	917.7 (25/7)
HONG KONG						
Hang Seng Bank (31/7/64)	1384.87	1357.84	1375.62	1360.00	1388.42 (17/1/85)	746.02 (13/7)
ITALY						
Banca Comm Ital. (1972)	253.52	255.84	256.67	255.74	256.67 (22/1/85)	192.06 (2/1/84)
JAPAN**						
Nikkei-Dow (16/5/49)	1185.38	11859.01	11868.1	11964.5	11964.5 (21/1/85)	9703.35 (28/7)
Tokyo SE New (4/1/68)	928.55	929.21	931.67	935.37	935.77 (16/1/85)	730.4 (4/1/84)
NETHERLANDS						
ANP CBS General (1970)	196.6	196.0	195.3	192.0	196.3 (24/1/85)	146.8 (25/7)
ANP-CBS Indust (1970)	157.6	157.7	157.1	154.9	157.7 (25/1/85)	118.7 (18/6)
NORWAY						
Oslo SE (4/1/83)	320.63	322.43	319.95	314.20	322.43 (23/1/85)	221.67 (4/1/84)
SINGAPORE						
Straits Times (1966)	769.84	765.46	770.68	788.71	1071.9 (8/2)	764.4 (16/1/85)
SOUTH AFRICA						
Gold (1958)	(u)	(u)	1025.7	(u)	1099.0 (18/11)	758.1 (24/1/84)
Industrial (1958)	(u)	(u)	906.1	(u)	1105.5 (26/3)	855.5 (18/9)
SPAIN						
Madrid SE (28/12/64)	110.14	109.32	109.14	110.27	110.27 (21/1/85)	100.00 (28/12/84)
SWEDEN						
Jacobson & P (1/1/58)	1411.57	1418.75	1428.65	1430.86	1594.5 (3/2)	1302.99 (22/11)
SWITZERLAND						
Swiss BankCpn. (31/12/58)	409.6	407.0	407.1	404.4	409.5 (24/1/85)	354.6 (26/7)
WORLD						
Capital Intl. (1/1/70)	—	194.5	194.1	193.6	194.5 (23/1/85)	183.2 (14/12)

** Saturday January 19: Japan Nikkei-Dow 11,952.1, TSE 934.01.

Base values of all indices are 100 except Australia All Ordinary and Metals—500, NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Exclusive bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities. 40 Financials and 20 Transports. c Closed. (u) Unavailable.

CAPITAL MARKETS

EUROBONDS

U.S. rally sparks Eurodollar demand

BY MAGGIE URRY IN LONDON

THE Eurodollar bond market was taken somewhat by surprise yesterday when the New York bond market opened strongly, but managed to share in the rally of around ¾ point, with recent issues attracting demand.

The floating rate note (FRN) market continues firm, and Morgan Stanley again added $50m to the size of its Wells Fargo issue, taking it up to $250m.

However, a $150m FRN issue for First Bank System of Minneapolis got off to a slow start, with investors unfamiliar with the bank's name. The issue, led by Credit Suisse First Boston, matures in November 1996, and pays interest at ⅛ per cent over the three-month London interbank offered rate (Libor). Commissions totalled 30 basis points, and the bonds were being bid at 99.70, making the deal unprofitable to co-managers.

Late in the day, Credit Suisse First Boston launched a $50m deal for Gulf States Utilities, the US electricity company. This seven-year bond has a 13 per cent coupon, reflecting the borrower's lower credit rating, and the issue price was set at 99¾. Fees total 2 per cent.

Two more deals for Japanese borrowers appeared. Morgan Stanley launched a $100m par-priced issue for Nissho-Iwai, the Japanese trader, with a seven-year life and 10⅞ per cent coupon. It comes with a guarantee from Sanwa Bank. With a lot of paper pre-placed in Japan, the issue was not trading actively, but held inside the 1⅞ per cent fees.

Bank of Tokyo followed Marubeni into the Canadian dollar market, with a C$75m seven-year issue carrying a 10⅞ per cent coupon. Again Japanese buyers are expected to take most of the issue, which was offered at the 1¼ per cent selling concession.

The D-Mark bond market has stabilised, after a few weak days, with prices little changed yesterday. Equity warrant issues are still under pressure. Dresdner Bank priced the DM 200m issue for Kobe Steel as indicated with a 3⅝ per cent coupon.

Deutsche Bank launched a DM 55m issue with equity warrants for Trio-Kenwood, the Japanese electrical appliances group, guaranteed by Kyowa Bank. This has a higher, 3⅝ per cent indicated coupon, on the five-year bonds and the usual expected 2½ per cent premium on buying the shares.

In the Swiss franc foreign bond market, Swiss Bank Corporation announced a SwFr 50m private placement for Hankyu Corporation, the Japanese railway and property company. The bonds will have a five-year life and 5⅝ per cent coupon, with an issue price of 100⅛.

Credit Suisse set the maturity for its SwFr 100m public issue for the Small Business Finance Corporation of Japan at 10 years and added ⅛ point to the indicated 5⅝ per cent coupon to bring it up to 5⅝ per cent. Issue price is par.

The Sharp convertible public issue, which raised SwFr 150m, started trading yesterday and closed at 102, compared with the par issue price. Otherwise foreign bonds were unchanged on average in low turnover.

South African Transport Services launched a European Currency Unit issue for Ecu 50m, led by Crédit Commercial de France. The issue is extendible until the year 2000, with a coupon for the first five years of 10⅝ per cent. Both the borrower and investors can opt for redemption at the end of five years when the coupon is refixed.

In the Euroguilder market, Caisse Nationale des Telecommunications launched a Fl 50m 10-year issue which has a French Government guarantee. The coupon was set at 7¾ per cent and issue price at 100¼ by ABN.

WEEKLY U.S. BOND YIELDS (%)	Jan 23	Jan 16	1985 High	1985 Low
Composite Corp. AA	11.93	12.06	14.23	11.93
Government:				
Long-term	11.19	11.51	13.89	11.19
Intermediate	11.12	11.41	13.79	11.12
Short-term	10.03	10.25	13.22	10.03
Municipal	n/a	9.57	11.14	9.99
Industrials AAA	11.44	11.82	13.66	11.44
Industrials AA	11.86	12.02	14.13	11.86
Utilities AA	12.01	12.11	14.45	12.01
Preferred Stocks	11.08	11.19	12.17	11.03

Source: Standard & Poor's

Nordic Bank arranges rate cap for GKN

BY DAVID LASCELLES, BANKING CORRESPONDENT, IN LONDON

NORDIC Bank, the London subsidiary of den Norske Creditbank, has arranged an interest rate-capping scheme for GNK, the large UK engineering group.

Effectively an 'insurance' policy against rising interest rates, Nordic will compensate GKN for any increase in London interbank offered rate (Libor) of more than 2 per cent over an agreed rate. This will cover the cost of two existing floating rate borrowings which GKN has – $50m for five years and $25m for four years.

The agreement is "one way" insofar as Nordic pays GKN if rates rise but GKN gets the full benefit if they fall. The fee for the facility was not disclosed, although GKN said the cap rate is less than the cost of fixed-rate dollars for the same period. Nordic would not say how it intends to hedge this potential liability, but since dollar rates are falling, no action has so far been needed.

Interest rate-capping services have been available for some time in the U.S. though not for maturities as long as five years. Nordic claimed a "first" in the UK.

FINANCIAL TIMES SURVEY

REGIONAL DEVELOPMENT

Despite the high level of spending over the past 25 years, regional policy in the UK has failed to tackle many of the consequences of regional imbalance.

Aid projects now more selective

TEBBIT: masterminded the present review of policy, as Secretary of State, which sought to save at least £300m a year by 1987-88.

LAMONT: responsible, as Minister of State, for finalising the policy after Tebbit was injured in the Brighton bomb outrage.

TRIPPIER: as Parliamentary Secretary responsible for small firms, he would like a network of enterprise agencies covering the country.

ROBINSON: Labour spokesman: wants a coherent and predictable structure of industrial assistance available by region and sector.

FEW MEN could have had a more severe grilling in the House of Commons than Mr Norman Lamont, the Minister responsible for regional matters at the Department of Trade and Industry, when he unveiled the Government's review of regional policy last November.

As he sat down at the end of his prepared statement it was as though the whole of a crowded House of Commons collectively sprang to its feet to interrogate him on specific details.

By Anthony Moreton

Regional Affairs Editor

Backbenchers, from his own side as well as the Opposition, peppered him with searching questions about what the review actually meant, both for the country and for their own constituencies.

What emerged at the end of a gruelling hour for the minister was that the Government had stepped even further back from regional policy, seeking to downgrade it and, by so doing, save money.

It may not have abdicated from all involvement in regional policy, as Mr John Smith, the Opposition spokesman argued, but the new rationale, in keeping with general Government policy, is to be much less interventionist.

The Government's approach had been signalled a year earlier when, in a White Paper, it stated that "imbalances between areas in employment opportunities should in principle be corrected by the natural adjustment of labour markets." That is, through lower wages and unit costs.

The Government admitted, however, there was little evidence that—faced by strong trade unions, and housing shortages—regional wage differentials would respond readily to variations in regional unemployment.

For this reason it concluded that regional policy would still need to be retained, but on social rather than economic grounds.

Aid would be concentrated in future on helping to cure unemployment blackspots rather than seeking to regenerate parts of the country afflicted by the blight of structural change.

In other words, the old distressed areas, now slightly euphemistically called the development areas, south Wales, Tyneside, Merseyside, Clydeside and Teeside, could only expect to gain relief if the economy picked up as a whole, though particular blackspots arising from the closure of a works or a switch in trade, could expect some (though less than in the past) assistance.

To bring about this switch, aid has been concentrated into two tiers (intermediate and development areas) in place of the previous three (intermediate, development and special development areas); the rate of automatic grants has been cut; grants for renewal of plant and machinery have been abandoned, under pressure from the EEC; the whole system becomes more selective; the scope of regional aid has been extended more widely in the service sector; and a much lower grant-per-job ceiling, of £10,000 (with the exception of small firms) has been set.

The number of people working in assisted areas has, at the same time, been expanded to cover 35 per cent of the working population compared with 27 per cent last year.

This largely reflects, however, the granting of Intermediate area status to the West Midlands which now has a rate of unemployment higher than Scotland. As such it is an indication of the flexibility that is needed in regional policy.

The move towards greater selectivity, provoked by the way in which very large capital projects had been swallowing enormous sums, while producing relatively few jobs, is also sensible. Half the projects assisted in future will be helped selectively.

Cut in funds

Yet, in the view of some critics, what remains most disturbing is the cut in the overall funds which will be available. Most people outside Government who operate in the regional field believe that a successful policy must be backed by cash. Present policy is to cut right back.

The Government intends to save £300m a year by 1987-88 out of a budget now totalling just under £600m, of which half will come from falling into line with the European Commission on ending grants for renewal of machinery.

Its determination to hold the line was seen in last week's four-month moratorium on payment of grants, a move taken to keep spending within acceptable limits.

Considering the amounts spent on regional assistance over the past 25 years it is doubtful if an annual outlay of between £250m and £300m can do more than tinker with the problems of Tyneside, Clydeside and the other regionally-depressed areas.

Since 1960 more than £20bn has been spent on regional policies, most of it in the '60s. Since the introduction of the Industry Act in 1972 the total has been £5.5bn.

Academic research, including studies by Mr John Rhodes and Mr Barry Moore at Cambridge, has suggested that regional policies between 1960 and 1981 resulted in a net increase of at least 250,000 manufacturing jobs during the period and possibly as many as 445,000.

Using a multiplier of 1.4 to take account of additional jobs created outside manufacturing as a result of the spending, the estimates of total job creation range between 350,000 and 630,000.

They suggested in December 1983 that the cost per job was £32,000 at 1981 prices, though the Comptroller and Auditor-General has more recently estimated that this could be as high as £40,000 at 1983 outturn prices.

Yet the Government has now committed itself to a ceiling of £10,000 per job, which might appear to be totally unrealistic in relation to present needs and prices.

The £40,000 estimate was heavily swollen by payments for Regional Employment Premium, which was ended overnight in 1976; if REP could be extracted, the figure would be considerably lower. Even so, the present ceiling reflects a definite diminution of aid.

Despite this high level of spending over the past 25 years, regional policy has failed to tackle many of the consequences of regional imbalance, or to compensate for the enormous pull of the South East.

With the exception of a handful of concerns, most companies have their headquarters in London or the South East, R & D facilities reasonably nearby and generally only branch factories in the regions. In times of economic strain, the branches get lopped off long before the roots are cut.

There is some evidence that the pull of the South East has lessened in recent years. Population growth within the region has not occurred as fast as was once expected, and net migration into the area has not been advancing at the same pace. Nevertheless, much of the investment in new "sunrise" industries involving microelectronic technology is taking place within 50 miles of London.

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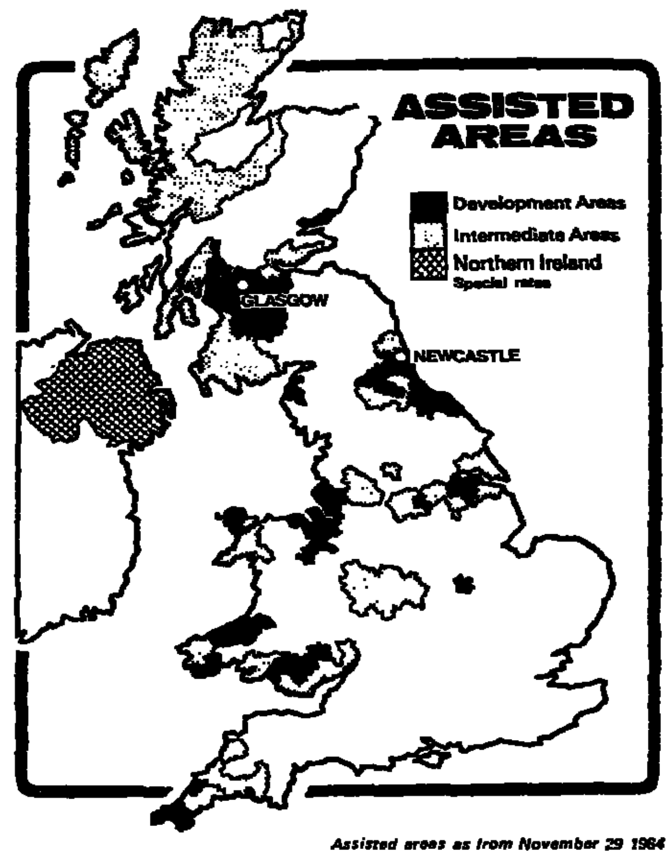

Assisted areas as from November 29 1984

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More emphasis on EEC programmes

TEN YEARS after it was launched, the European Regional Development Fund (ERDF) has undergone an important sea-change this year. The most important consequence of this change is that greater power will in future reside with the European Commission and, therefore, less with the 10 national governments.

Greater emphasis will in future be given to the assistance of programmes rather than projects. At the same time, the Commission will directly fund a larger proportion of those schemes that it backs.

European scene
ANTHONY MORETON

As a result of the larger discretion given to Commission officials in Brussels the Fund will in future, in the words of one Eurocrat, "become much more Communautaire."

The driving force behind the change has been Mr Pierre Mathijsen, Dutch-born director-general of regional policy. But some of the change has been forced on the Commission through its inability to handle the weight of applications for grants.

When the ERDF was set up, 95 per cent of the financial resources available went towards funding national projects — a bridge, a stretch of road, clearing the environment — and only 5 per cent was left with the Commission to allocate directly.

Member-states still had to put in detailed plans for the projects they wanted undertaken and as the fund grew older the number of projects sent to Mr Mathijsen's office for scrutiny grew to the point that officials simply could not handle them. It has been estimated that by the early '80s the Commission was having to process between 20,000 and 30,000 a year.

Watershed

If there had been no changes the weight of applications might have brought about the collapse of regional policy. The growth, though, came at the time when a policy rethink was in the air and so the *change in principle* helped the regional directorate to survive in practice.

January 1 this year was, then, a watershed in the fund as the emphasis switched to programmes, such as for small firms, employment-creating activities, advanced technology, environmental improvement and priority areas.

This change in Brussels has appealed to the British Government, in particular, because it has fitted in neatly with the way in which it wanted to switch the emphasis of UK policy. *Rather than pour money* arbitrarily into capital-intensive plants which would have been built in any case the British Government is now concentrating on areas of specific need. Advance technology, small businesses and associated areas are very much at the forefront of the impetus of the policy originated by Mr Norman Tebbit at the Department of Trade and Industry.

Along with the change from *projects to programmes* a switch in rates of grant has also concentrated more decision-making at the Brussels centre. Previously, the Commission offered grants of between 20 and 30 per cent for most projects with national governments funding the rest. In future, the Commission will find half the cost of approved projects, which will clearly give it more leverage in decision-taking.

Furthermore, Community aid *will essentially go in future to* schemes which have Community-wide links. Purely national schemes stand a much-reduced chance of being backed.

Another important change has been a re-allocation of the fund among its members.

Until the end of last year Italy was allocated 35.49 per cent of the European regional fund, the UK 23.8 per cent, France 13.64 per cent, Germany 4.65 per cent and the Netherlands 1.24 per cent.

Re-allocation of resources has been one of the most difficult tasks the Commission has had to undertake. In theory, the less-well-off countries should have a bigger share and the economically stronger should have had a lesser share. But, as in so many other issues, this *good intention foundered on* the unwillingness of the richer nations—Germany, France—to take a smaller slice from the cake.

Settling the re-allocation was reached by the usual Brussels compromise under which each country has been given a guaranteed minimum share of the fund along with a *theoretical maximum.*

Amounts

Under the guaranteed minimum, Italy now gets at least 31.94 per cent of the fund, Britain 21.42 per cent, Greece 12.35 per cent and France 11.05 per cent.

However, in the talks leading to the settlement each country also indicated what it wanted and these amounts came to 116.56 per cent of the money available in the fund.

In true Brussels fashion, this theoretical "maximum" was then "*allocated*" *among* members, so that Italy received 42.59 per cent, Britain 28.56 per cent, Greece 15.74 per cent and France 14.74 per cent.

Italy will therefore receive a guaranteed 31.94 per cent and *could* receive up to 42.59 per cent. But it will only receive the latter if someone else receives less than its theoretical maximum in any one year. The possibilities of endless arguing over shares, and probability of acrimony, are legion.

But the ironic case emerges that if France, a rich country economically, receives its theoretical maximum it will do better than it has in the past, which was not the sort of conclusion envisaged when the Commission sat down to rewrite the rules.

When Spain and Portugal join the EEC in a year's time they will be entitled to about 30 per cent of the ERDF—20 per cent for Spain, about 10 per cent for Portugal—and then each country's guaranteed minimum and *theoretical maximum* will be cut by a third. This will not involve countries receiving less: they will merely receive a lower percentage of a larger fund. The actual figures will not be known until late autumn.

That fund has been growing steadily in the past four years, though its growth has been rather capricious. The fund *can only be considered* after the common agricultural policy has taken its share of Community resources.

In 1984 the fund, although the second most important source of Community assistance *after the CAP, only received* 8.43 per cent of the total EEC budget, a slight drop on the previous year's record 9.32 per cent.

In total, though, the fund is very much bigger now than a decade ago. When the ERDF started, it had an allocation of 300m units of account, but by last year the total had reached 2.14bn and this year it should be around 2.2bn. (a unit of account has varied over the *period* between 1.5 to 1.9 to £1 and at present is around 1.7).

In recent years the fund has been growing at about 5 per cent a year but a faster rate depends on radical changes in the CAP.

What has emerged this year is a much more "community-based" regional policy. At a time when many, if not most, governments within the 10 are reducing their backing of national regional policies, this is *probably a welcome move.*

European incentives

	Capital grant	Interest related subsidy	Tax concession	Deprec. Allnce	Labour related subsidy
Belgium	●	●			
Denmark	●	●			
France	●		●		●
Germany	●	●		●	
Ireland	●				●
Italy	●	●	●		●
Luxembourg	●	●	●		
Netherlands	●		●		
UK—GB	●				●
—N. Ireland	●	●	●		●
Greece	●	●		●	
Portugal	●	●	●		●
Spain	●	●	●		
Sweden	●	●		●	●

Source: European Regional Incentives

Big changes now under way

ALL THE major European nations offer incentives to companies undertaking operations in parts of their countries. Capital grants are the most popular form of assistance offered followed by interest-related subsidies.

During the past few years there has been a considerable change of emphasis *in the criteria for assistance*, the latest of which has been the British review completed at the end of November. Last year also saw changes introduced in Portugal, Sweden, West Germany and the Netherlands.

European schemes
ANTHONY MORETON

Professor Kevin Allen, director of the Centre for the Study of Public Policy at the University of Strathclyde in Glasgow, and Mr Douglas Yuill in their invaluable study, *European Regional Incentives*, point out that, faced with higher unemployment there has been a switch towards labour-intensive schemes fairly generally throughout Europe.

At the same time, item-related grant schemes have lost favour. This reflects the desire for a more selective approach towards aid, the fact that many grant *schemes are costly and produce* few jobs (petrochemical works being the prime example) and that they are discouraged by the European Community..

For some reason, the EEC has taken a dislike to grants going to replace plant and machinery. The British review ended such schemes and so managed to same some £150m from its budget, giving an ideal of how "useful" or "costly" (depending on one's viewpoint) these schemes had been.

The main outlines of the national schemes, as detailed in European Regional Incentives, *are as follows:*

● **Belgium:** The country offers an interest subsidy, a capital grant, tax advantages of a minor kind and an accelerated depreciation allowance which is now of only *limited significance.*

The main thrust is a discretionary interest subsidy and much of the country falls within assisted areas status. The subsidy is project-related and a concession against interest payments to banks or finance houses. A wide range of activities is eligible, including both manufacturing and service sectors.

There is also a capital grant which is both discretionary and project related. The rate and level of grant are based on a complicated formula.

● **Denmark:** Investment grants comprise the backbone of the system. Rates are up to 35 per cent in special development regions and up to 25 per cent in the rest of the problem areas. Municipal soft loans are also available.

Municipal loans are at 7 per cent and are a loan to a municipality rather than one from it. The intention is to allow them to put up industrial buildings which can be leased or bought at below-market rates.

● *France:* There are two key packages, the regional policy grant and the regional employment grant, of which the former is the more important.

Policy grants are project related, available to both manufacturing industry and the research and service sectors and have special provision for areas of particularly high unemployment.

Just under half the country and 39 per cent of the working population is covered by the aid schemes and in the maximum rate zones up to FFr 50,000 (aproximately £4,000) per job created is paid. In the standard rate zones the payment is FFr 35,000.

Exemptions

The employment grant is also project related and available towards the first 30 jobs created (or, in some circumstances, preserved). *Although termed a* "regional grant" it is available throughout the country, though with rates varying from FFr 40,000 down. Rural, mountainous and upland areas are particularly favoured.

In addition there is a business tax concession which allows up to 100 per cent exemption from *local business taxes for periods* of up to 5 years.

● **Germany:** Regional policy is a matter for both the federal and Land Governments with the core centering on an 8.75 per cent investment allowance which is in effect an automatic, project-related capital grant that can (if the recipient desires) be taken as an allowance against tax. The *rate is 10 per cent* in the zonal border area.

There is an investment grant whose rate has to take into account any other assistance and within the zonal border area Germany has the EEC's only freight-transport subsidy. Other inducements are on offer in this zone which is a 25-mile wide strip along the borders of East Germany and Czechoslovakia.

Most of the Lander have their own incentives, some of which top up federal assistance. Half the country comes under assisted status designation but only 28 per cent of the working population.

● **Ireland:** The whole of the country is covered by grants of some form, and is divided into designated and non-designated areas. Awards are broad-ranging and generous and administered by the Industrial Development Authority.

Capital grant schemes, interest rebates, loan guarantees and equity finance are available and fiscal measures separate from the IDA package are an integral part of the incentives on offer.

The Irish package is actually national rather than regional and *critics often infer the EEC* turns a blind eye to some of the schemes. Ireland has probably the most powerful combination of incentives available within the Community.

Schemes in Northern Ireland are the responsibility of the UK Government.

● **Italy:** A wide variety of grants and allowances are available and the country is divided into three sectors: the Mezzogiorno (which includes Sicily and Sardinia), Insufficiently Developed Zones of the Centre and Insufficiently Developed Zones of the North. Geographically, these cover most of the country.

There are project-related capital grants ranging between 20 and 40 per cent with an extra fifth available in priority areas or sectors while projects in combined priority areas and sectors can get another two-fifths, making a maximum of 56 per cent.

Secondly, there is a national fund for subsidised credit, with particular emphasis again going to the Mezzogiorno. Then there are tax concessions, complemented by a number of smaller regional aids which are virtually national in character. One such is a soft loan scheme for small- and medium-sized concerns.

● **Luxembourg:** The country is too small to have purely regional aids but there are interest subsidies, loan guarantees, capital grants and tax concessions.

● **Netherlands:** Dutch assistance centres on an investment premium, a largely automatic project-related capital grant. For larger projects only the first Fl 18m (£4.25m) is eligible for automatic aid.

The country is *divided* into three areas, each qualifying for varying rates of assistance. The *system has few incentives* but is a "highly visible" one. Some 28 per cent of the total population lives in the designated areas, though this will drop to 25 per cent by the middle of this year.

● **Greece:** The whole country is divided into four areas and four main instruments—*investment grant;* interest rate subsidy; depreciation allowance; tax allowance—predominate.

Region D, the most heavily assisted, covers many of the eastern islands and the northern border lands. In it the maximum award is 50 *per cent* of the eligible investment plus 15 per cent for special investment related to environmental protection, energy saving and R and D.

WHERE TO OBTAIN INFORMATION

Belgium: General Directorate for Industry, Ministry of the National Economy, square de Meeus 23, 1040 Brussels.

Denmark: Direcktoratet for Egnsudvikling, Sondergade 25, DK-8600 Silkeborg.

France: DIKTAR, 1 Avenue Charles-Floquet, 75007 Paris.

Germany: Kreditanstalt fur Wiederaufbau, Palmengartenstrasse 5-9, 6000 Frankfurt.

Ireland: IDA, Lansdowne House, Dublin 4.

Italy: ASSONIME, Piazza Venezia, 11, Rome.

Luxembourg: Societe Nationale de Credit et d'Investissement, 3 rue de la Congregation, Luxembourg.

Netherlands: Dienst Investeringsrekening, Postbus 10073, 8000 GB Zwolle.

Greece: Private Investment Service, Ministry of National Economy, Syntagma Sq., Athens.

UK: Department of Trade and Industry, 1 Victoria St., London, S.W.1.

The mechanics of applying for regional assistance

The grants hurdle

RHYS DAVID

IMPRESSED by signs that the economy may be picking up and confident that there is a strong potential for his new product, John Smith of Pushforward Enterprises has decided he needs a new UK factory.

With his own funds limited the project may just not be viable unless he can obtain financial assistance. A development area, where projects which qualify receive automatic grant aid, seems the obvious answer and John Smith's first move is to find out just what is available under the new regional development package, brought in by the Government at the end of last year.

The basis of the new scheme, as the Department of Trade and Industry's Guide for Applicants makes clear, is somewhat different from the old one now being phased out, with projects, rather than particular assets, being aided. The emphasis, too, is now to a much greater extent on the creation of jobs.

Thus, under the old scheme Mr Smith would have had to put in new assets—his buildings or his new machinery—and he then had two years after the quarter in which the asset was installed to put in for grant aid (15 per cent of the value in a development area and 22 per cent in a special development area).

He now submits an application covering the whole project for the automatic 15 per cent grant and he will have to make sure this arrives not later than 12 months after the first piece of equipment has been installed or job created.

Limits

There are other differences, too. Unless he employs fewer than 200 people the businessman will be subject to a £10,000 limit per job created. Grant will be paid under the new scheme at this rate or at 15 per cent, whichever is lower.

Pushforward Enterprise's project is going to cost £1m and is expected to result in 20 new jobs. The scheme will therefore qualify for £150,000, or 15 per cent, as this is the lower of the two potential sums payable. If, by contrast, the scheme had only been intended to create 10 jobs, then Mr Smith would have received a grant of £10,000 for each job or £100,000.

Schemes which offer a large number of jobs at a low capital cost—and this could include service sector projects which now qualify for the first time for automatic grants—will receive aid at £3,000 per job if this is greater than 15 per cent of the eligible capital expenditure.

Thus, a company proposing to spend £2m and to create 200 jobs will receive £600,000, rather than the £300,000 which would be payable if the capital cost alone was taken into account and offset by a 15 per cent grant.

Our Mr Smith will have to fill in form RDG/APA—obtainable from the DTI or Welsh and Scottish Offices—giving details of his project for approval.

A separate form, RDG/C, the claim for a regional development grant (obtainable from the same addresses) also has to be submitted and this has to include a declaration by an independent accountant that the relevant expenditure has been defrayed or incurred on assets actually provided.

Waiting time

It is then a question of sitting back and waiting—but for how long? The average time taken between receipt of application and despatch of cheque is seven weeks. According to the DTI, applications do not normally have to pass through a number of tiers before they are eventually authorised, as some businessmen suspect. Most applications are dealt with at executive officer level, though some of the bigger applications are considered by principals.

At some point in planning his new investment—and certainly before he has actually started—it will have been very much in Mr Smith's interests to look also at the selective assistance which he can obtain in addition to regional development grants for Development Area projects. (If Mr Smith had been planning to establish his new factory in an intermediate area, this would have been the only type of aid available to him.)

After studying the DTI's advisory booklet Does Your Project Qualify? Mr Smith should then submit his application form RSA 1 to the relevant DTI regional office where it will be looked at by a project appraisal team whose members will range in ranking up to principal level. (If any problems are foreseen, then the case can be referred to higher levels.)

In making their evaluation and writing the relevant case paper, the project appraisal team will be guided by these criteria:

● The project should have good prospects of achieving viability.

● The applicant has to demonstrate that assistance is necessary if the project is to go ahead.

● There must also be identifiable regional and national benefit, for example an improvement in productivity, or increased exports, and the project should either create new employment or safeguard existing jobs.

● Companies seeking aid will normally be expected to find most of the finance required for the project from their own (or other private) sector sources.

Any grant will only be made after talks between the DTI appraisal team and the applicant, and will relate to either the fixed capital cost of a project or to the number of jobs created. Jobs must be maintained for 18 months after payment of the grant (which usually comes in the form of assistance towards the cost of interest on loans from other sources).

BUSINESSMEN frequently complain that the mechanics of applying for Government regional assistance are either shrouded in mystery, or if comprehensible, take too long to complete, and are not worth the bother. In this imaginary case study we follow John Smith of Pushforward Enterprises through the real world of the grants office to see what lesson might be learnt.

Selection

Selective aid can be paid towards projects which protect employment as well as those which create new jobs and it can also be used in respect of spending on second hand as well as new plant. The amount paid will in all cases, however, be the minimum necessary to ensure the project goes ahead.

The final hurdle that Pushforward Enterprises is likely to have to face before receiving its selective aid is the local Industrial Advisory Board.

This body, made up of representatives of local industry, trade unions, the banks and other organisations, examines cases put before it by the DTI so as to give an independent assessment of whether or not a project should receive public funds. Among the points they will consider are the impact of proposed new projects, such as that planned by Mr Smith, on other similar operations if such exist in the area.

Mr Smith is likely to be kept waiting for his answer for around eight to 12 weeks from the date of his first application for selective aid. From then on, though, there are plenty of sources of advice and guidance available to him—including the enterprise agencies which have sprung up in towns and cities around the country—it is largely up to him to put to the test of the marketplace the project he has so far successfully steered through the grants maze.

● In many cases, companies will be better-off applying for assistance under the old regional development grants scheme and they will, under certain circumstances, be able to do so until the end of November this year. Those mainly likely to benefit are:

Companies in locations which have moved down from development area to intermediate area and companies in the former development areas proposing capital intensive schemes. Full details in the DTI leaflet RDG/TAG.

● Offers of selective aid on the basis of the old regional development area map are being made for a four-month period from the end of last November, again subject to certain conditions.

● Where to apply for assistance: See Page 4

The main UK investment incentives

Type	Development Areas	Intermediate Areas	Northern Ireland
Building Grants	15%	Nil	Up to 50%
Machinery and Equipment Grants	15%	Nil	Up to 50%
Grants towards Starting-up Costs	Additional assistance on a discretionary basis. The level is related to the employment, location and capital requirements of the project.		Additional grants designed to provide new projects with an inflow of revenue during the build-up period are possible.
Factory Rents (per sq. metre per annum)	£10.80 to £26.90 New projects may qualify for an initial rent-free period.		£8.30 to £18.80 related to size and location of factory.
Venture capital	Various forms can be made available.		
Interest Relief Grants	Nil		Available to reduce the commercial costs of borrowing for up to 7 years—3 years at a broadly commercial rate followed by 4 years at 3% per year.
Help for Transferred Workers	Grants, free fares and lodging allowances and help with finding houses.		Fares, household removal costs or lodging allowance plus substantial settling-in grants for key-workers from outside Northern Ireland.
Training Grants	40 % of basic wages and training costs		Employees per week: aged under 18 £20; aged 18 to 49 £30; aged 50 and over £40 (previously unemployed)
Industrial Derating (remission of taxation imposed by local authorities)	England and Wales: Nil	Scotland: 50%	75% (100% in all Enterprise Zones)
Research & Development Grants	Up to 33⅓%. The total cost of eligible projects will normally be not less than £25,000 or more than £5m.		40% to 50%—assistance limited to £250,000 per project.

Source: Department of Trade and Industry.

Aid projects now more selective

CONTINUED FROM PAGE 1

The Thames Valley, M4 corridor and the Cambridge area all prove this.

All this points to the need for a continued strong framework of regional policy, even if incentives over recent years have proved less successful in generating new employment opportunities than in the 1960s and early 1970s.

The Regional Studies Association chairman, Mr Peter Townrow, believes, for example, that there is little ground for arguing that market forces alone can bring about a new equilibrium.

And Dr Ronald Martin, of St Catherine's College, Cambridge, says that "the existence of marked geographical variations in the incidence of unemployment, labour market problems and structural malaise, indicates a continuing need for some form of spatially focused intervention in the economy."

He adds: "But a thoroughgoing overhaul of the framework, instruments and institutions of existing regional (and urban) policy is called for, founded on a major re-orientation of policy objectives and priorities."

The overhaul that has recently taken place has gone in quite the opposite direction to that which most practitioners in the field of regional policy would have liked.

Suspicion

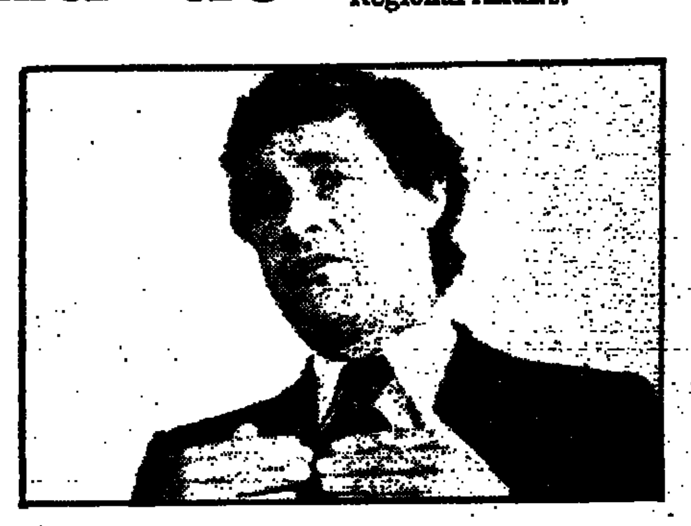
There is even a suspicion that the Government would like to go even further and end all regional policy, saving the remaining £250m-300m left in the budget. It has baulked at going that far but it has cut back to the minimum that it thinks acceptable.

As a result of its review the assisted areas today are very little different in shape from those first helped under the 1934 Special Areas Act, the legislation that started regional policy in Britain.

When Sir Keith Joseph undertook his review of regional policy in 1979 his action was then described as rolling back the map of regional Britain. The present review not only rolls the map back even further. Some of the more vigorous critics of Government policy maintain that it also puts the clock back.

What Labour would do

The present Government's latest regional measures amount to "less of the same" says Geoffrey Robinson, Labour Spokesman for Regional Affairs.



THERE IS a pressing need to introduce a coherent structure of industrial assistance in the UK, available by region and by specific industrial sectors, says Mr Geoffrey Robinson, MP, the Opposition Spokesman for Regional Affairs.

He sets out here what Labour would do to change what he describes as the inadequate and traditional approach of the present Government as regards regional policy.

AT THE end of last November, the Government published its revisions to regional policy: the regions, however, are still waiting for a Government policy.

What has emerged so far, from Sir Keith's 1979 announcement to the latest revisions, is a prescription for "less of the same."

Can there still be a defence today for continuing the regional policies of the 1950s, which claimed to balance disparities between regions, and prevent "over-heating" of the South East and the West Midlands?

Today, the West Midlands and the South East are the two regions to have increased their unemployment rate fastest between 1979 and 1984, as they join the rest of the country in chilly decline, while major inequalities exist within regions (and even within travel-to-work-areas).

For a graphic description of the regional consequences of sticking to the traditional approach, Peter Hordern, Conservative MP for Horsham, put it very well in this session of Parliament during the debate on the Queen's Speech—"Driving for three hours from London to Liverpool on the motorway is an experience that is rather like travelling from West Berlin to East Berlin."

Yet the Government responds by cutting the regional aid available by £300m, abolishing the Special Development Area category, making aid selective, not automatic and reducing the maximum rate of grant available to 15 per cent of investment.

Implications

But "less of the same" is no substitute for a policy. For the Government to be able to predict in 1984 that only £400m will be taken up by 1988 implies something about their expectations of demand.

Either they do not expect an investment boom to materialise, or—as the recent moratorium proves—they have built into the system enough safeguards to prevent their public expenditure targets being breached.

Either way, their change of course to encourage job-creation, by spending public money in this way promises to have only very small success.

What are Labour's plans for a genuine regional policy?

Much will depend, of course, on the state of the national (and regional) economy which we inherit. The present signals are appalling. Manufacturing, virtually ignored by this Government, continues to decline (investment in 1984 was 26 per cent down on the 1979 level), and our net trade deficit in manufactured goods for 1984 was double its £2bn level for 1983.

Manufacturing employment fell by 33,000 jobs between September 1983 and September 1984. Against a background of stop-go-stop policies, no region, on or off the assisted areas map, can be expected to make effective industrial plans.

Labour's first task, then, must be to ensure a coherent and predictable structure of industrial assistance—available by region, and by specific industrial sectors. Regional policy is too important to be left to the Department of Trade and Industry in Whitehall, and most regions have already prepared their own plans for economic development and local employment.

The power and the money must be made available to the regions to carry out those plans. Several detailed proposals of how this can be done are now in discussion with each region.

The identification, by each region, of the priority areas for industrial recovery, and the local skills and resources that can bring that about, will be a feature of the Labour Party's Jobs and Industry Campaign, to be launched this Spring.

The Enterprise Boards, which have a record of job-creation at a fraction of the cost achieved by Governments, and the Development Agencies of Wales and Scotland are likely to play a crucial role in matching resources to needs.

In this context, the consequences for regional policy of the proposed abolition of the metropolitan authorities cannot be over-estimated. Those councils have made it their business to promote the interests of their region to investors.

What local representatives can take their place, when rate-capping will penalise any local authority trying to spend more on its region?

Under the pretext of rolling back the State, this Government has increasingly blurred the principle that public money ought to be spent only by bodies that are fully accountable to the public.

Can anyone really claim that joint boards and residuary authorities are improvements as representatives of the public's interest?

Equally, the Government has pursued its aim of reducing public expenditure overall, while consistently refusing to make available a regional breakdown of where its public expenditure is being spent.

Labour will take steps to make regional expenditure accountable, and seen to be accountable, to the regions.

Over-strained

As an instrument of policy, regional strategy must be both flexible and precise. This Government, like many before it, has lumbered, and their latest attempt, in an anxiety to avoid capital-intensive projects, is likely only to increase bureaucracy for companies who are already over-strained by it.

A regional policy worthy of the name for Labour must be able to identify the areas of high need and low skills which have traditionally been hidden within the 'blanket' travel-to-work-area.

It may make more sense to take the boundary of a local authority, for instance, as an administrative area that can be far more responsive to the peaks and troughs of a local economy. That is the way Labour will identify the areas of local growth—the "seed bed" areas for small firms who will respond to a flexible aid policy—and will generate the training facilities that will attract the larger manufacturing and service companies.

But above all, regional policy under Labour must move away from its traditional identification with industrial grants alone.

The local economy of an area depends also on its available energy resources, the transport and distribution services between home, work and shops, the quality of the environment, education and leisure facilities, and, above all, the availability of its housing.

Women, young people, the black, Asian and Chinese communities, and the other groups whose needs and aspirations have been traditionally overlooked in past regional planning, must also be allowed to make their voices heard.

Where will the houses be for the people with the skills when an enterprise is considering Glasgow, Teesside, Liverpool or even London for its location? Creation of real jobs must be accompanied by equality of access to housing, and genuine mobility around the country.

Public spending on construction, clearance and renovation of derelict land may prove, pound for pound, to be a better regional investment—with improved quality of life thrown in—than any part of Norman Lamont's carefully constructed regional edifice.

£12m scheme is part of revitalisation programme

How one city has benefitted

Case Study: Sheffield

ANTHONY MORETON

EVERY DAY, between dawn and midnight, 15 Inter-City trains pull out of Sheffield's main station destined for London's St Pancras, which the fastest of them reach 2hrs 20mins later.

In nearby Doncaster, however, there are 32 expresses a day heading for London along the main east-coast route, reaching the capital in as little as 1hr 50mins.

It is hardly surprising, therefore, that many of Sheffield's businessmen prefer to take the car to Doncaster and travel in superior comfort and greater speed from the smaller town.

This vignette of economic life encapsulates what has happened to Sheffield, England's fourth largest city and one of the few places to benefit from upgrading by the Government in its regional review.

Sheffield and its railway service, has fallen behind the times despite a number of improvements. The dowdy railway link with London is bitterly criticised by people in the city who have been urging for years that money should be spent on its modernisation. Equally within the city, business has fallen prey to the rundown of heavy industry.

Sheffield has had to contend with the same sort of problems which have eaten into the economic fabric of the West Midlands and it is hardly surprising that places such as Birmingham, Coventry, Dudley, Telford, Walsall and Wolverhampton should all have been given intermediate status at a time when so much of assisted Britain was either being downgraded or having its assisted-area status removed altogether.

In Sheffield's industrial suburbs of Attercliffe and Brightside, which run north east along the Don Valley towards Rotherham, the effects of the closure and run-downs of special steels, steel stock holding, scrap businesses and general engineering is most noticeable.

A £12m scheme to revitalise this part of the city has been launched but it has a long way to go before it can show really tangible results. Perhaps intermediate-area status will help, a sort of cherry on the mousse that Sheffield has become.

Although it has been hit, as has the rest of Britain, by the world-wide recession, Sheffield is to some extent also reaping the harvest of its own wild oats. In the early 1980s, following a radical shift to the Left among the city's traditional Labour representatives in city hall (Sheffield has had only one year—1968—in which it has not been governed by Labour since 1945) industrial policy changed direction equally radically.

The city turned its back on attempts to attract inward investment and concentrated on building up organisations already within the boundaries. Support was given to some 20 local co-operatives, council buying power was focussed where feasible on local suppliers, and socially-useful products were backed. The council also put £1m a year, of which a third went to the co-operatives, into financial assistance for local companies.

Decision

At the same time, the council deliberately opted not to apply for an enterprise zone when the Government was looking for almost any site to designate. (Rotherham, down the road, took a different view and won a zone).

There was little promotional literature in Sheffield that might have interested outsiders, but a lot that was of use to concerns already in the city.

This change of policy was not completely unsuccessful. Over the past two to three years some 1,000 jobs have been created or saved; the problem is that the city has been losing as many jobs a month.

Sheffield is right in its assertion that it does not have the resources or the powers to create jobs on the scale needed to keep pace with the rate at which they were being lost. The arrival of the Manpower Services Commission in the city, one of the largest inflows of net new jobs, shows how important it is to influence the decision-makers.

But a lot can be done in small ways and with the arrival of intermediate-area status the city has a better chance of attracting industry than it had without it.

This is the hope that the other areas upgraded must also be holding on to. Much will depend on how the Government interprets and uses its powers of selectivity because intermediate-area status stands or falls on the Government's willingness to back individual projects.

If potential investment projects are treated with consideration—that is, if the Government is actively looking for ways in which to help them—selective aid might be a boon to industry. If the Government takes a rigid view of its powers then Sheffield, the West Midlands, parts of Greater Manchester and pockets such as Bishop Auckland or little Cinderford in the Forest of Dean, are in for a nasty shock.

The importance of designation as an assisted area now is that it allows a locality to tap the resources which are available from the European Commission in Brussels. With the Eurocrats determined to play a more positive role in regional finance, and with their having allocated additional resources to themselves at the expense of national governments, this is an important consideration to be taken into account.

WHERE TO APPLY FOR AID

INFORMATION on regional aid available from UK government and EEC sources can be obtained from:

● **London:**

Department of Trade and Industry, Regional Policy Division, Room 445, Kingsgate House, 66-74 Victoria Street, London, SW1E 6SJ (Tel: 01-212 3466; telex 8813148 DIHQ G).

● **UK regional offices**

North Eastern: Stanegate House, 2, Groat Market, Newcastle-upon-Tyne, NE1 1YN (Tel: Newcastle-upon-Tyne (0632) 324722; telex 53178 DOI TYN G).

North Western: Sunley Building, Piccadilly Plaza, Manchester, M1 4BA (Tel: 061-236 2171; telex 667104 DT1 MCHR G).

Merseyside Sub-Office: Graeme House, Derby Square, Liverpool, L2 7UP (Tel: 051 227 4111).

Yorkshire and Humberside: Priestley House, 1, Park Row, Leeds, LS1 5LF (Tel: Leeds (9532) 443171; telex 557925 DT1 LDS G).

West Midlands: Ladywood House, Stephenson Street, Birmingham, B2 4DT (Tel: 021-632 4111; telex 337919 DT1 BHAM G).

East Midlands: Severns House, 20, Middle Pavement, Nottingham, NG1 7DW (Tel: Nottingham (0602) 506181; telex 37143 DT1 NOT G).

South Eastern: Ebury Bridge House, 2-18, Ebury Bridge Road, London SW1W 8QD (Tel: 01-730 9678; telex 297124/5/6 SEREX G).

South West: The Pithay, Bristol, BS1 2PB (Tel: Bristol (0272) 291071; telex 44214 DT1 BTL G).

South West Industrial Development Office, Phoenix House, Notte Street, Plymouth, PL1 2HF (Tel: Plymouth (0752) 21891-5: telex 45494 DT1 PLM G).

● **Scotland:**

Industry Department for Scotland, Alhambra House, 45, Waterloo Street, Glasgow, G2 6AT (Tel: 041-248 2855, telex 777883 1DS GW).

● **Wales:**

Welsh Office, Industry Department, New Crown Building, Cathays Park, Cardiff, CF1 3NQ (Tel: Cardiff (0222) 825111; telex 498228 WO CARD G).

Government Buildings, Dinerth Road, Colwyn Bay, Clwyd, LL28 4UL (Tel: Colwyn Bay (0492) 44261).

● **Northern Ireland:**

Belfast: Department of Economic Development, Netherleigh, Massey Avenue, Belfast, BT4 2JP. Tel.: Belfast (0232) 063244, Telex 747152 DEC DEV G.

London: Northern Ireland Department of Commerce, Ulster Office, 11 Berkeley Street, London W1X 6BU. Tel.: 01-493 0601. Telex 21839 ULSTER G.

R.D.

مكتبة من الأصل

Regional development agencies in the UK adopt new strategies to attract investment and secure a stronger base for manufacturing industries.

Time of tricky transition

Scotland and the SDA

MARK MEREDITH

"WE DON'T interfere with market forces, we just move them on a bit."

This is how Dr George Mathewson explains the success in industrial promotion of the Scottish Development Agency, which he heads.

It has been a tricky transition from a semi-official institution into something like a business corporation working inside the private sector but for the SDA this change has been crucial to its numerous roles in the Scottish economy.

The SDA has evolved from a body building advance factory units into more of a salesman, a think tank and venture capitalist for new industries in Scotland.

Arguably it would not have been as successful had it been required to stick to its original *mandate in 1975 to prop up* existing industries.

Scotland's traditional industries were in decline. The loss of a legacy in heavy engineering, much of it brought in by past governments, was wreaking havoc on jobs. A shakeout of about one-third of Scotland's manufacturing was under way. Over 200,000 jobs would go between 1975 and the present.

The usual response was to find ways to stop the haemorrhage, to pour money into manufacturing and find new work for *companies whose markets* were dwindling.

With not a little effort, the SDA was able to alter the pitch of its activity from backing losing industries into finding winners, new types of industry that could be reasonably expected to form the basis of new recovery and jobs.

The base was already there: a small number of multinational electronics companies such as IBM, Hewlett Packard and Honeywell, had branch plants in Scotland. The world technological revolution was under way and the opportunities stared the SDA in the face.

Today, electronics is an industry accounting in Scotland for over 40,000 jobs with nearly 300 companies. Scotland now *boasts the largest concentration* of semi-conductor production outside the United States or Japan. It also has Europe's largest base for personal computer manufacture, according to the SDA.

Much of the success of this industry has come from an enlightened *piece of inward* investment promoted by the Scottish Development Agency which built up a strategy based on a consultants report on the opportunities and prospects for the industry.

It has been a case not just *of encouraging the job-spinning* manufacturing centres but rather fostering a fast-moving segment of the industry such as integrated circuits and one which would in turn generate support industries and encourage an indigenous electronics industry drawing on Scotland's eight universities and its technical colleges.

The promotional activity of the agency also required it to develop an acceptance within the private sector. It is here that possibly the agency has made its biggest inroads.

Winning the confidence of the private sector meant acting like this private sector. The agency developed an investment strategy taking equity in new companies and in many cases using these shares to attract further capital investment from financial institutions.

The private sector in Scotland was and in many cases *still is numbed by the effects* of the shakeout of manufacturing. There is an unhealthy dependence on Government initiative for new encouragement to industry.

One of the biggest areas for private participation has been right in the SDA's own back yard: property.

The agency only recently has *implemented a review of its* fundamental role in providing industrial premises for new *industry. The number of vacant* factories strewn in neglected areas bears witness to the failure of the policy.

Objective

An estimated 14 per cent of the total stock of industrial property, 32m sq ft, remains vacant, according to a survey carried out by the agency.

Over the past 10 years the agency and its predecessor, the Scottish industrial estates corporation, had virtually taken over the market in industrial property.

The objective over the past *four years has been to attract* the private sector back into this sector.

The extension of the agency's activities have brought with it a strain on resources and inevitable mistakes. Its salaries cannot match those of some of the bigger investment trusts when it comes to buying-in the risk assessment capability.

Dr George Mathewson, who heads the Scottish Development Agency: a think-tank for new regional industries

*The SDA's role as a think-*tank for Scotland's economy is also paying off. Following up electronics, the agency has put its mark on other sectors as well.

- It has encouraged the development of biotechnology, linked to universities.
- It has developed the West of Scotland Science Park with *active management* to bring industry together with academic resources.
- A study of the wood products industry has led to new initiatives in developing Scotland's timber industry from one of Western Europe's last uncommitted forest resources.
- New initiatives have been taken to encourage more Scottish companies to provide goods and services to the big offshore oil industry—a sector employing about 80,000 to 100,000 people, with about 60,000 of them in Scotland.
- It has set up an export promotion unit to improve the marketing of products from such areas as the textile industry.
- *A fresh* look at the engineering industry is underway to see if, after its decline, there is room for new growth.

More venture capital sought

Wales and the WDA

ROBIN REEVES

IT IS approaching 10 years since the Welsh Development Agency (WDA) was established by Act of Parliament to put fresh muscle into the task of regenerating the Welsh economy—by providing industrial land and *premises, carrying* out land reclamation and environment improvement, and boosting investment in Welsh industry.

The agency's creation co-*incided with the high point of* traditional UK regional development policy, a policy of financial *incentives* aimed at persuading expanding industries to move from economically more prosperous areas of the UK.

But within a year of the WDA getting to work—and perhaps it is no coincidence—the then Labour Government abolished the regional employment premium, setting in train a progressive dismantling of traditional regional incentives which has been gathering pace ever since.

The effect has been progressively to increase the importance of the WDA in helping to restructure the Welsh economy and encouraging the growth of new job opportunities by both attracting inward investment projects and assisting local business expansion—but never more so than in the latest round of changes which will reduce the payout of regional grants in Wales by £60m by 1987-88.

The clear message to Wales of the changes is that growth must increasingly be generated "from within," and the main responsibility for that task falls upon the WDA—along with its country cousin, Mid Wales Development.

In its early years, the agency's energies were largely absorbed in responding to the acute economic difficulties caused by the massive rundown of employment in the Welsh steel industry.

A series of crash programmes to develop new industrial sites *and advance factories in steel* closure areas reached a crescendo in 1981-82, when the agency completed more than 1m sq ft in a single year.

A new advance factory was being finished at the rate of more than one a day, making the agency probably the largest single developer of industrial property in Western Europe.

Since that period, the WDA has necessarily pulled back its building activity and concentrated upon marketing the wide range of spot accommodation it now has available.

This year it expects to let a record number of factories, though less space in square-footage terms. *Even so,* some 13 per cent of its total property portfolio of over 20m sq ft remains unoccupied. It is seeking through its marketing activities to bring this percentage down to a working stock of around 10 per cent.

At the same time, it has been encouraging companies to contract for bespoke premises, and existing tenants to buy their freehold, from the agency at what, in practice, have been very attractive terms.

The idea has been to free the WDA's limited resources for building in locations not immediately attractive to the private sector.

However, one impact of the regional policy changes could be to choke-off this trend. With many of the more attractive industrial localities now downgraded to intermediate area status, an automatic cash incentive for companies to invest in their own premises has been removed.

Rental levels, although up to around £2 a sq ft in good locations, are still about 60 per cent of what it would cost a company to build.

Probably the single most important impact of the regional policy changes for the WDA is to finance the role of its financial activities and business support services. The agency has come a long way since 1980 when the Government's ideological disapproval of a public agency using taxpayers' money as risk capital was strengthened by the collapse of the WDA's single biggest investment.

But it was eventually recognised in Whitehall that, unlike *Scotland, Wales for historical* reasons, lacks a local capital market and that this was hindering Wales' efforts to overcome the savage impact of the recession on its traditic al industrial base.

The first sign of a change of heart was the launching of a WDA venture capital subsidiary, Hafren Investment Finance, which is able to provide loans of between £10,000 and £100,000 for high-risk projects either in the form of equity or as unsecured loans which it charges 2 per cent above base rate.

Subsequently, the agency has been instrumental in pulling together a number of venture capital packages involving City participation, the most notable being Parrott Corporation's £70m package to build a floppy disc manufacturing plant at Cwmbran.

The agency is now on the verge of launching a far more ambitious venture capital fund, with substantial City participa-*tion, which will be geared* to back projects requiring risk capital of up to £500,000. It is this kind of initiative which the agency hopes will channel more private sector finance into worthwhile projects and compensate for the cutback in traditional regional incentives and curbs on its own budget.

It is presently investing at the rate of £1.25m a month. With the new fund, it plans to get the rate of investment up to £1.5m a month.

The regional policy changes also mean an enhanced role for EEC sources of finance. *A key feature of intermediate* areas is their access to EEC funds and the WDA has become very adept, in particular, at tapping soft loans from the European Coal and Steel Community since it was appointed a local agent.

A £1m loan for eight years at 6 per cent interest, which can be available for up to 50 per cent of the cost of new plant and machinery in a large number of Welsh steel closure areas, is worth some £50,000 a year or the equivalent of a grant of around £250,000.

The continuation of such aid is just one example of the future importance of business suport services, not just those run by the WDA but also by enterprise trusts, local authorities and others in the field.

The decisive shift away from automatic to discretionary grants means that everybody involved in business advance in Wales must sharpen up their act if the impact of cutbacks are to be minimised.

Wales is less than pleased, to say the least, with the Government's changes in regional policy. The problems in Wales and other areas are examined in more detail on Page 7.

An encouraging trend in small firms sector

N. Ireland and the IDB

ALAN WATSON

WHEN THE Industrial Development Board (IDB) for Northern Ireland came into being in 1982, it could not have picked a worse time to launch itself into the task of reversing the area's declining manufacturing industry.

The IDB was not simply a merger of previously separate Government industrial development institutions, it was expected to give new direction to the drive to broaden a narrow and vulnerable industrial base.

It had the benefit of a considerable array of financial incentives, which are still being updated to meet demands of new technology. Capital grants range up to 50 per cent and Northern Ireland offers a unique Corporation Tax Relief Grant which refunds up to 80 per cent of corporation tax to approved projects creating new jobs.

The grant structure remains untouched by the Government's regional aid proposals, although the need to secure value for money is increasingly being emphasised by ministers.

For most of the past two years, however, the IDB has had to mount a life-saving exercise to preserve viable parts of the manufacturing base. The evidence indicates that it has played a significant part in stemming the mounting loss of jobs as well as stimulating new ideas, and new action, which should help the province's recovery.

The agency has operated on the basis of a short-term strategy until now but will *shortly publish a long-term strategy document* which has had to be prepared in the knowledge that the recession has left a miserable legacy.

Coopers & Lybrand Associates, the management consultants, now estimate that at least 20 per cent of total manufacturing employment in Ulster was preserved in the past two years by some form of remedial action by the Government.

Provisional figures for 1984 show the IDB was responsible for promoting 5,120 new jobs, either in new projects or in the expansion of existing firms. It appears that in the year to March 31, 1985 it will achieve its target of 4,250 job promotions from local industry but will again fail to meet its target for 1,000 jobs from inward investment.

A separate agency, the Local Enterprise Development Unit, remains to aid the creation and *development of companies* employing fewer than 50. It put in a record year in the 12 months to March, 1984 and expects another record performance in the current year. The growth of small businesses is one of the region's success stories.

In spite of high incentives, the perception of Northern Ireland by outsiders as an unstable country with intractable political and security problems is still the largest deterrent to new investment from overseas.

No development authority can alter unpalatable truths but it can do much, with a decent promotional budget, to show that things are not as bad as they are painted.

To that end, the IDB formed the Northern Ireland Partner-*ship, a loosely structured body* which harnesses the goodwill of the wider community and of Northern Ireland's friends in Britain and abroad.

In the absence of major manufacturing investment—the type which creates 1,000 or more jobs at a stroke—the IDB has had to be content with small successes. Recently it has scored notable and encouraging 'firsts' by attracting a Japanese manufacturer of disposable cigarette lighters and a large Hong Kong-based group which is to open a factory to spin linen yarn.

There has been more concentration on securing licensing agreements from overseas companies to fill spare capacity in local firms and on fostering joint ventures rather than new, greenfield developments.

Regional Development 6

The target is 300 agencies by mid-1986

A WIDE political gulf separates Britain's enterprise agencies from enterprise boards, though both have emergent, possibly crucial roles in industrial development. However, similarity of name often leads to the two types of body being confused with each other.

Enterprise agencies outnumber enterprise boards by more than 50 to one. They are advisory offices for people setting up, running or wanting to develop small businesses. Each is usually sponsored on a shoestring budget by its local authority, the private sector and the chamber of commerce. A tiny permanent staff is supported by secondees from private industry on assignments lasting from six months to two years.

Enterprise agencies

IAN HAMILTON FAZEY

The original model was the Community of St Helen's Trust, established in the Merseyside glassmaking town in 1978 and actively supported by Pilkington Brothers and the County (then Conservative) and Borough authorities. In the wake of the 1981 Toxteth riots, Mr Michael Heseltine, then Environment Secretary, started encouraging other urban areas with unemployment problems to copy.

There were 233 enterprise agencies at the end of 1984, with another 35 in formation. Each acts in its immediate locality.

Behind the mushrooming of their numbers is Mr David Trippier, the Small Firms Minister, and Business in the Community, the charity to which more than 100 large companies subscribe and which acts as an outlet for what many now see as a modern, corporate version of noblesse oblige.

Mr Trippier wants to see 300 enterprise agencies in operation by the middle of 1986. His original instinct was to push for one in every parliamentary constituency but he soon realised that this would lead to overlap in the conurbations and, in the shires, duplication of the work of Cosira, the Council for Small Industry in Rural Areas. So he halved the figure he first thought of.

Enterprise boards are the creation of a few large, Labour-controlled counties. While the agencies' work could be fairly described as demand-led, the boards adopt a pro-active stance in what they see as a strategic role. The political gulf arises because the boards are fundamentally interventionist in outlook and spend large sums of ratepayers' money.

The boards have been set up in the conurbations of Greater London, the West Midlands and Merseyside. A related, but different type of body has appeared in Labour-controlled Lancashire, where a private company, Lancashire Enterprises Ltd (LEL), has been formed by the county council to channel public money into industrial development.

LEL's legal status has enabled it to take equity in companies it backs and function as might a merchant bank with a property development arm. Ratepayers' money is therefore capitalised and is, technically, always recoverable.

Since LEL has also made enough profit to have already paid back its start-up costs—as well as creating or saving several hundred jobs—Conservative opposition has become increasingly muted over the last year.

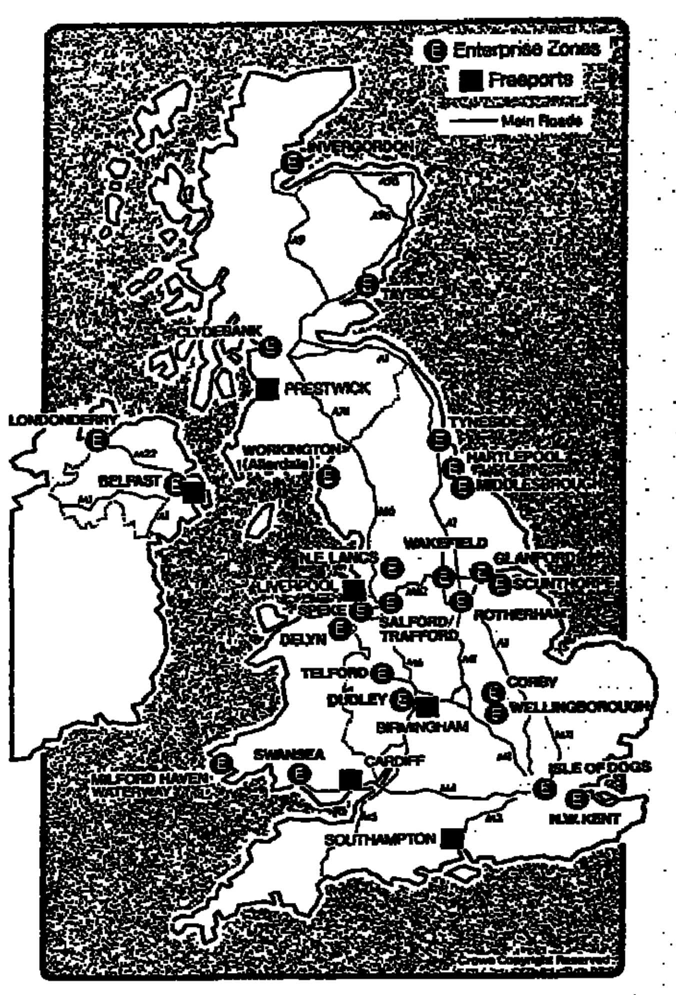
All the boards are financed under section 137 of the Local Government Act, which enables county and borough councils to spend the product of a 2p rate on whatever they like. This is the source of most of the £30m operational and investment budget of the Greater London Enterprise Board (GLEB).

This, the biggest of the boards, employs 80 people operating in several "divisions." The Technology Division, for example, works on developing networks with London's universities and colleges to get new ideas working. One project of the sector strategy division is to encourage design-led furniture production in the capital.

The Ethnic Development Division concentrates on improving job prospects for minorities while the Structural Investment Division is encouraging the growth of co-operatives. Mr John Palmer, director of information, says: "We go in to maximise social return as well as return on investment. The other boards have been more commercial and have left the social side to the counties which set them up. GLEB has sought to integrate both."

By the end of March, after 21 months of operation, Mr Palmer says that £15m will have been invested directly in businesses with further sums going into technology, networks and property. At least 3,000 jobs will have been created, while space for 4,000 more is being built, with 2,500 construction jobs available short-term in doing that.

The cost of each job created is working out at about £4,000, compared with £37,000 per job in enterprise zones and £32,000 (in 1981) under general regional policy.



Slow start after early optimism

Freeports

ANTHONY MORETON

JUST BEYOND Dock Gate 10 in Southampton lies a large expanse of land which has been cleared but is unoccupied. Between it an the waterfront are a row of old dockside sheds which were once the home of a vast trade with the outside world.

Today, the sheds and the space beyond them are the site of one of Britain's first freeports. There are a few tenants in the sheds, but the freeport is still waiting for the rush of tenants that the Government had hoped for when it designated six areas of Britain as freeport sites last February.

Southampton, which, by comparison with most of the other five, has made some progress, hides its disappointment that it has relatively little to show after a year. But at least it has something to see; neither Birmingham, Belfast, nor Cardiff has anything to offer so far and at Prestwick in Scotland there are fears that the whole project might collapse.

The Government is probably not surprised at this slow start. It did not want freeports in the first place and was only pressured into setting them up after what amounted to a backbench revolution.

Conservative MPs, having seen how freeports had generated employment in other parts of the world, were anxious on political grounds to see them established in Britain and forced the Government to change its policy. They may still be right, but early indications do not yet support their views.

A freeport is an enclosed area in which goods can be imported, processed and exported free of all customs duties and other import levies provided they do not enter the home market of the country in which the port is situated.

There are no special reliefs from other taxes but because of the ability to avoid customs payments it is possible to encourage a lot of industrial and commercial operations which take advantage of overseas trade.

They appear to have been remarkably successful around the world. Although definitive figures are difficult to obtain there are thought to be more than 400 of them and their proponents claim that 10 per cent of all international trade passes through them. These proponents further claim that within another decade they will account for a fifth of world trade.

Their great merit to national economies is that they generate, if successful, a large number of jobs. The two freeports in South Korea are said to employ over 150,000 people. Others in Singapore, Hamburg, Miami, Taiwan and elsewhere have been equally successful in job creation.

All this makes British experience very disappointing. Southampton is the most successful and it has just two companies on its 15-acre phase 1 site together witht a "very encouraging" volume of inquiries.

Southampton is taking the view that the freeport is really an industrial estate behind a security fence and is marketing it as such. Liverpool, where there has been some success, takes a different approach.

Mersey Docks and Harbour Company, which operates the freeport, has designated 600 acres of existing dockland as the freeport and can therefore point to a lot of successful operations already. This is the approach that Hamburg originally took and allowed it to boast that it had 40,000 workers within the freeport.

Liverpool became fully operational at the start of last October. Like Southampton it has attracted a couple of newcomers and Mersey Docks, with Arrowcroft, is developing 11 acres just within the Royal Seaforth Docks gate to provide tailor-made units.

Elsewhere, the picture is still to be painted. At Birmingham Airport, where Slough Developments is putting up buildings financed by the Prudential, the technicalities have taken rather longer to complete than expected with the result that the development is running about six months late.

At Belfast a late-spring start to building is expected on the 72 acres and the operator, Northern Ireland Airports, is still at the planning stage having met "unforseen problems" after designation and "taken longer to get going than expected."

But the real disappointment has been at Prestwick where the whole freeport is threatened by a review of Government policy towards lowland airports in Scotland.

That review was expected originally last September, delayed until November and is now promised for end February, and has put a complete blight on operations.

New association warmly welcomed

Science parks

ANTHONY MORETON

DEVELOPMENT of university-linked high-technology industry should be given a further boost with the formation of the UK Science Park Association, earlier this month.

Although only eight universities initially joined the association the remainder of the 15 or so parks linked to universities that have buildings and tenants are expected to join before long and the association could eventually grow in numbers to about 30 if all those that have made some progress in their parks come along.

How many eventually join will depend very much on the extent to which the polytechnics and colleges of further education decide to set up parks.

The association has been very careful to draw up its prospectus in such a way as to exclude a great many commercial operations which think of themselves as science parks, or which claim they are involved in high-technology work.

It is limiting membership to those parks which are specifically university-linked, and combine high-technology with the property angle. It is anxious, above all, to exclude those parks which are primarily property based even if the majority of their tenants are in the high-technology field.

The setting up of the association is doubly welcome because there is some evidence that, for the second time, some of the steam has gone out of the whole science-park movement.

Science parks came into being in the UK in the mid-1960s when the first Government led by the then Mr Harold Wilson wrote to all the universities urging they should do everything possible to help the setting up of companies concerned with the frontiers of science and technology.

A brief flurry of interest saw initial interest expressed by several universities, but only Cambridge and Heriot-Watt in Edinburgh really turned that interest into reality until the early '80s when the movement expanded rapidly.

The second surge of interest, which saw universities from Aberystwyth to Hull and from Southampton to Aberdeen, set up parks arose very much as a consequence of the Government's tightening of budgets. Many university departments and individuals within those departments realised that if they were to further their work they would have to do it on a commercial basis.

As a result of this new approach, Cambridge, in particular, grew considerably. Others that did well included Aston, Bradford, Glasgow and Warwick. The parks then found themselves filling a large vacuum because the institutions, with their conservative investment policies, were failing to back speculative high-technology concerns anywhere other than in the South East of England.

In recent months, though the second surge of interest appears to have lost some of its steam. Projects are still in evidence on drawing boards in places as far apart as York, Nottingham, Loughborough and Surrey. But movements into projects on the ground is slow.

It is felt that the formation of an association, with regular meetings being held on the science parks, one of which takes place today on the West of Scotland park, might help to push things along.

The lack of real movement in the UK is all the more disappointing in view of the great progress made in similar projects in the U.S.

Even allowing for the much greater degree of entrepreneurial activity in the U.S., the disparity between the two countries is as wide as it is disappointing.

Vogue appears to be over

ALTHOUGH the UK Government always denied it, the introduction of enterprise zones in 1981 could quite logically be seen as part of regional policy.

The official view was that these areas had been created to prove Conservative political thinking that business would grow much more quickly if it was allowed to function with the minimum of bureaucratic constraints.

The 11 chosen were, however, picked carefully to do something for parts of the country with the most severe economic and social problems. Liverpool was chosen in the light of the riots in the city, Clydebank because of the need for urban renewal in Glasgow, Corby because of the equally massive steel closures in the town.

When the second list of zones was announced, two years later, it was clear the chosen sites had been picked for political rather than regional reasons. On any objective regional basis North West Kent would not have been chosen ahead of half a dozen other places in the UK. Nor was it easy to make out a case for Milford Haven.

The second group, comprising 14 places, all tended to be smaller than the initial 11, had less urban dereliction which needed to be tackled, and some of them even comprised multiple sites.

The Tayside enterprise zone is, in fact, an agglomoration of seven different parcels of land in and around the city. North East Lancashire is on six sites and North West Kent has five. The impression left is that enterprise zones had by last year become a vehicle to stimulate industrial development on awkward industrial sites.

There is a growing feeling nowthat the Government is not even very much interested in enterprise zones. Admittedly, much of the thrust of Government policy towards the regions has been taken up over the past

Enterprise zones

ANTHONY MORETON

year with the refashioning of regional policy itself. But the way in which freeport projects went off at half-cock and enterprise zones have been allowed to meander along aimlessly suggests that not much time is being allocated to them in Whitehall.

This may be due, in part to personalities. The zones were created by Mr Michael Heseltine when he was Secretary for the Environment and he poured a lot of personal effort into them. He was in Liverpool once a week—the city, is admittedly, a special case—but he also used to chair meetings of enterprise zone officials at least quarterly.

Since Mr Patrick Jenkin took over the department there has been far less direction from the top. The original 11 were excluded from the quarterly meetings when the subsequent 14 were included and then the meetings were ended altogether.

There may, within Government, even be a growing awareness that enterprise zones are creating more problems than they are overcoming. A monitoring report has suggested that few companies have moved into enterprise zones from a totally different part of the country. It has also suggested that few zones have been over-successful in creating new jobs.

Corby is one exception to the rule. The 280-acre zone is all but full.

The zone has been responsible for the creation of 4,500 jobs, perhaps a third of all those in the 26 UK zones. It has also successfully attracted two of the largest concerns to go to a zone—R. S. Components has 1,150 workers and Commoder Computers almost 800.

Among the other successful zones have been Swansea, Clydebank and the Isle of Dogs in London, though any organisation which could offer 100 per cent initial allowances and a 10-year "rates holiday" near the centre of London and did not make a success ought not to be in business.

Although the Chancellor of the Exchequer, Mr Nigel Lawson, no doubt had other reasons for the move, one of his steps in last year's Budget, in which he cut initial allowances, had great implications for zones and might well rescue some of them.

New buildings within enterprise zones were excluded from this cut; they continue to receive the 100 per cent allowance.

The vogue for enterprise zones appears to be over. The interesting question is whether they will be allowed to continue in existence after their 10-year life has been completed. That question does not have to be answered for another six years.

Regional Development 7

Strong reactions to the changes which the Government has introduced in regional assistance and development policy.

The Humber Bridge, viewed from the north side. Hull's independent promotion of itself is even more important now that its status has been changed from development area to intermediate area

Planners evaluate status changes

The North

NICK GARNETT

THE CITY of Hull has been digesting the implications of its downgrading from development area to intermediate area and has not enjoyed the exercise.

Hull is one of 23 travel-to-work areas in the North that have had their assisted status lowered or removed, nine in the North East, the same number on the North West and five in Yorkshire and Humberside. More than a third of the total have had their status reduced special development status. Eight have become totally non-assisted.

The Humberside city, together with Morpeth and Ashington in Northumberland and Whitehaven, Cumbria, provide three different examples of the way planners feel the impact of status changes.

A paper tabulating the implications for Hull and prepared by Mr Robin Dean, the City's director of industrial development, makes the general point that Hull has lost its main promotional financial incentive, in comparison with higher status areas, in the business of attracting mobile investment.

Companies that have set up in Hull with the help of regional development money over the past three years include Anglia Oils, Mauri Products which processes yeast and Donaldsons Filter Components.

But the paper also makes it clear that Hull has been put in a particularly difficult position in relation to Scunthorpe on the other side of the Humber. Scunthorpe has retained its development area status, a recognition of its particularly difficult economic and employment problems even in comparison with Hull which itself has an unemployment rate of 16.7 per cent.

The paper argues that many of Hull's companies including for the first time those in the service sector which now qualify for RDGs might be tempted to relocate or expand south of the river. It also expects that Humberside County Council will, not surprisingly, lay greater emphasis on the attractions of Scunthorpe in its promotional drive.

Two conclusions in the paper are that Hull's independent promotion of itself is now even more important and that the city's strength as a regional centre must be stressed to help dissuade service companies from relocating to the south bank.

Downgraded

Some of Hull's problems are shared by Grimsby which has also been downgraded from development to intermediate area.

The issues of Whitehaven are somewhat different. It has had its assisted status downgraded two levels from development area to non-assisted.

The whole of Cumbria once had development area status and Whitehaven is part of the rump left following the decision to phase out regional assistance in much of the county.

Unemployment in Whitehaven is 13.2 per cent—whereas the county as a whole is close to the national average and under the Government's criteria for support does not warrant assisted status even though there are pockets of much higher unemployment in Cleator Moor and Millom.

The county council says £22.5m of regional development grant went to Cumbria last year, but the bulk was directed to development at British Nuclear Fuels' Sellafield site.

In reality, regional assistance has not attracted in the past few years a great deal of industry though the county believes it has been a crucial feature in persuading existing companies to stay and expand. Two companies that have grown recently in this way include Ashley Accessories which makes electrical fittings and the chemicals and detergents company, Albright and Wilson.

"What you need to attract new industry is consistency," says Mr John Lodge, county planning officer for Northumberland. He might argue that this consistency has taken a knock with the downgrading of Morpeth and Ashington to intermediate status.

The area's unemployment rate of 15.9 per cent is not one of the highest in the North East. The argument of local planners, however, revolves around the value or otherwise of regional aid as a a tool for restructuring an economy still overly dependent on older industries like coal mining.

Morpeth and Ashington, with a population of about 100,000 in the travel-to-work zone, includes Bedlington and Blyth, the latter port showing some considerable resurgence prior to the coal strike.

The council argues that the local economy has been restructuring but is only part way through this and that the area still endures deep-seated problems. In the past few years regional assistance has attracted a number of companies largely pharmaceutical related, including Glaxo, Boots and Searle. These are in addition to the few plants that arrived in the 1960s on the back of regional assistance ,including the Alcan smelter at Lynemouth.

Others would argue that areas like this in the North East would be just as well served by trying to tackle head-on their inherent local weaknesses in entrepreneurship and the small business ethic.

The formation last year of Senet, a job creation and small company support agency, financially backed by the local authorities and covering the area which includes Ashington, is a sign that Northumberland is trying to address itself to that problem.

Anger over cutbacks in economic incentives

"THE NEW policy marks the end of effective regional policy in Britain. In formulating it, the Government has ignored the views of local authorities, both sides of industry and academics, all urging that regional policy should not be weakened."

—Coun. E. J. Davies, chairman of Mid-Glamorgan's economic development and employment committee.

Wales

ROBIN REEVES

Wales is generally less than pleased, to say the least, with the changes which the Government has just introduced in regional development policy and none more so than Coun. Davies. In a public letter to Mr Nicholas Edwards, the Welsh Secretary of State, Coun. Davis expressed near outrage at what for Wales has been a serious cutback in its economic regeneration incentives at a time of exceptionally high unemployment.

The level of jobless in Wales is 17 per cent. In parts of the county of Mid Glamorgan, the male rate of unemployment is now as high as 40 per cent.

Condemnation of the changes has been fairly universal. The CBI in Wales described them as a "disaster" while the Wales TUC called the changes "economic madness."

In the wake of the Government original White Paper, the Commons Welsh Affairs Select Committee last year undertook a major inquiry into the workings and value of regional policy and put forward a number of recommended changes, including the extension of aid to service industries.

But its prime pleas were for the whole of Wales to be designated as some kind of assisted area — not least in order to ensure all-Wales access to EEC funds — and for no overall diminution in the amount of regional industrial aid being channelled to Wales. Savings from cutbacks in automatic grants, it said, should be compensated for by more generous selective financial assistance and more resources for the Welsh Development Agency, Mid-Wales Development and local enterprise agencies, as well as an extension of the existing assisted area coverage.

Stripped

In the event, three areas of Wales have been stripped of their assisted area status altogether. They are the Conwy and Denbigh travel-to-work areas which account for the major part of rural Clwyd in North Wales, and the Monmouth travel-to-work area in south-east Wales.

With the exception of Carmarthen, they become the only parts of Wales which are regarded in regional aid terms as being on a par with the most prosperous parts of England. This is because the other non-designated areas of Wales fall within the operating boundaries of Mid-Wales Development, which has ben granted special access to EEC funds on the grounds that its presence and UK Government funding signifies assisted area status, if in different form.

Clwyd is deeply upset over the decision, not least because it recently applied to the EEC for the whole of the county to be designated as an integrated operations area, a community scheme for better co-ordination of financial assistance packages.

The county has made strong representations to the Secretary of State to correct what it views as an anamoly. It suggested this could be done by either re-establishing rural Clwyd as an intermediate area — the preferred soution — or strengthening of Clwydfro, a local rural enterprise trust, or extending the boundaries of Mid-Wales Development or granting additional powers to the WDA in rural areas, akin to those of the Development Commission in England.

Monmouth, meanwhile, is in the unhappy position of not only having lost its assisted area status but of seeing neighbouroughing travel to work areas, Cinderford and Ross on Wye in the Forest of Dean, just across the border, being upgraded from non-assisted to intermediate area.

Changes 'will cast a long shadow'

Scotland

MARK MEREDITH

WHEN YOU are at the bottom of the industrial heap your cries of help can justifiably be the loudest. Scotland—used to shouting the loudest—is having to moderate its tone somewhat on finding that other parts of Britain are worse off and there are some signs of improvement in the Scottish economy.

In the mid-Sixties, Scotland had Britain's worst unemployment. Today, however, the north and north-west of England, the West Midlands and Wales are worse off.

So when it comes to regional assistance, Scotland is less able to make a special case for treatment. Her industrial troubles are still there, about 200,000 jobs or one third of its manufacturing was to close after 1975 adding to what has been a steady decline since the war.

Last year's changes in the Government's assistance to the regions reflected the relative change in fortunes and the fact that other parts of the country have greater needs.

Scotland has accounted for one third of the savings—about £90m in 1987-88. Scottish industry will receive about £100m compared to the current level of £190m.

The changes have been greeted with horror by the Labour Party which holds 41 of the 72 Scottish parliamentary seats. Even the Scottish branch of the Confederation of British Industry charged that the cuts cast a long shadow over industrial regeneration.

The prime fear of the opponents to the cuts is that the momentum of growth in new industry based on attracting foreign companies to set up plants in Scotland will be lost. Scotland now sets much store in the growth of high technology industries and in the jobs created by the development of North Sea oil.

However, for an area so long orientated towards manufacturing, the startling change has been in the growth of service sector employment which now amounts to over 60 per cent of the jobs in Scotland.

The readjustment of regional assistance has taken two forms: the redrawing of the map showing the areas of Britain qualifying for assistance and secondly a change in the structure and form of the aid.

On balance it appears that the impact of the geographical changes will be outweighed by the structural alterations in the amounts and the applications of Government assistance.

One positive change has been the transfer of the administration of regional development grants from the Department of Trade and Industry to the Scottish Office. This is likely to reduce complaints of delays in the handing of grant applications which had to go through a London clearing house.

It will also consolidate Scotland's one-door approach to inward investment leaving the administration of the bulk of assistance available to industry handled in Scotland.

Highlands

In terms of the geographical changes 65 per cent of the Scottish working population of around three million still remain in areas with development area status. This is about double the proportion for Great Britain as a whole, according to government calculations.

Large parts of the Highlands have lost their eligibility for automatic regional grants including the Lochaber area around Fort William, Badenoch, south-west of Inverness, Invergordon (which now has an enterprise zone near the closed British Aluminium smelter), Sutherland and Wick in the far north.

Industrial planners in the Highlands, however, have expressed less anxiety than might be expected. The range of powers of the Highlands and Islands Development Board will still cover most of the likely applications for assistance from industry in this sprawling region with its 500,000 population.

The Government plans to increase the current annual grant-in-aid of £34.5m to the Highlands and Islands Board ahead of the rate of inflation, according to Mr George Younger, the Secvretary of State for Scotland. By special arrangement the European Commission will also leave large areas of the Highlands eligible for EEC assistance.

Further to the south in Fife the Kirkcaldy area has lost its automatic grant status and for the first time one of the five Scottih new towns—Glenrothes—has lost its automatic grant status while its four rivals have kept theirs. Glenrothes has attracted a significant amount of inward investment by U.S. electronics companies but it has still not achieved the amount of inward investment logged by Livingston new town near Edinburgh which has kept its automatic grant status.

The Bathgate area near Livingston, often seen at a disadvantage because of its position outside the new town, is to get special attention and is included in the top of the two-tier aid qualification bracket. The Bathgate area has been hit by some big industrial closures and job losses including the plans by British Leyland to shut down its truck plant with the loss of the remaining 1,800 jobs.

The area is to get an additional £5m in special assistance to aid recovery. The Government has taken a calculated risk in cutting the highest level of automatic grant from 22 per cent of capital costs to 15 per cent. Arguably the electronics industry is now taking off and needs continued encouragement to carry on.

But there is a confidence in this return sector now which employs over 40,000 people in 300 companies, the sector has now expanded to the point where companies move in here less for the grants but more because of the accumulation of other electronics companies and the support infrastructure which has grown up to service the industry.

Regional Development 8

£5.5bn paid out in last 12 years

Financial assistance

ANTHONY MORETON

IN THE 12 years since the UK's Industry Act was introduced in 1972, the Government had paid out £5.5bn in all regional assistance to March 31 1984, the last date for which figures are available.

The vast bulk of this—£4.44bn—went towards automatic regional development grants, assistance either for new plant or for equipment and machinery.

Selective assistance has played a much less important role, with Section 7 assistance, which is in effect top-up assistance within the assisted areas, amounting to just £593m.

Within the last few years, there has been a marked curtailing of the amount spent on the automatic grants while selective aid has tended to assume rather more importance. This follows the decision of the Conservatives in 1979 only to aid those projects which would not have gone ahead if Government money had not been forthcoming.

The hey-day of regional policy was in the mid- to- late '70s under the patronage of the Labour government. The Conservative Government of Mrs Margaret Thatcher has not been nearly so committed to regional policy as its predecessor and is, in any case, anxious to reduce the total outlays on regional spending.

Inflation

This is not at first apparent from table 1, which shows regional industrial assistance at outturn prices between 1977-78 and 1983-84.

The figures are, however, bloated by spending on land and factories and if these are excluded, as in table 2, a clearer picture of recent trends emerges. This shows that regional spending in 1984 was not very different from that in 1979. If account is taken of the rate of inflation in the intervening years then there has been a considerable reduction in real terms.

In reality, the picture of regional development grants is more accurately shown by table three. A four-month deferment of payment of grants towards approved applications between June 12, 1979 and November 9 1982—part of the Government's attempts to hold back spending—effectively deflated the figure by about £110m and raised the 1982-83 figure by up to £150m.

Impact

Table 3 takes this deferment into account and therefore paints a more accurate picture allocation of resources. The full effect of the cut in Government spending can be seen from the 1983-84 figure, a trend which will continue in the present year as further stringencies take effect.

Divided by area, table 4, the North East of England, has just edged Scotland out as the part of the country to receive most grants over the 12 years. The most North has received £1.24bn in automatic grants in the period compared with £1.27bn for Scotland.

The next most heavily assisted area, Wales, received £769m by comparison, with the North West following it closely.

The lead gained by the North East reflects the heavy concentration of chemicals and petro-chemicals works on Teesside which have sucked in enormous amounts of grant-aid for relatively little return in terms of job creation. It is this ability of the chemicals industries to absorb grants that has led to much rethinking on the role of regional finance.

Broken down by qualifying activity, table 5, the chemicals and allied industries have received almost a quarter of the total outlay—£1.03bn. This is not far short of double the £632m that has gone towards the metal-bashing industries.

Only two other sectors—food, drink and tobacco; and coal and petroleum products—have come anywhere near metal manufacturing, though other groups which have benefited strongly include mechanical engineering, electrical engineering, the motor industry and paper, printing and publishing.

UK regional industrial assistance

● Table 1: Out-turn prices in £m

	1977-78	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84*
Regional development grants	393	417	331	491	617	695	440
Regional selective assistance	44	104	78	74	76	99	98
Land and factories	52	85	110	141	161	137	105
Totals	52	85	519	706	854	917	643
* Estimated							

● Table 2: How the figures look when the spending on land and factories is excluded

	1977-78	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84*
Regional development grants	393	417	331	491	617	690	440
Regional selective assistance	44	104	78	74	76	90	98
Totals	437	521	409	565	693	780	538
* Estimated							

● Table 3: Takes into account a four-month deferment of payment of grants towards approved applications between June, 1979, and November, 1982, and therefore gives a more accurate picture of allocation of resources

	1977-78	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84*
Regional development grants	393	417	441	491	617	540	440
Regional selective assistance	44	104	78	74	76	99	98
Totals	437	521	519	565	693	639	538
* Estimated							

Source+ Government statistics

Payments by groups of activities

Standard Industrial Classification Orders	1983-84 Plant and machinery	1983-84 Buildings and works Grant paid	1983-84 Total	1972-73 to 1983-84 Plant and machinery	1972-73 to 1983-84 Buildings and works Grant paid	1972-73 to 1983-84 Total
Mining and quarrying	705	117	822	104,247	8,921	113,168
Coal and petroleum products	37,343	6,227	43,570	295,867	141,662	437,529
Food, drink and tobacco	56,871	9,483	66,354	387,314	74,787	462,101
Chemicals and allied industries	105,536	17,598	123,134	856,492	177,490	1,034,452
Metal manufacture	35,329	5,891	41,220	480,516	151,728	632,244
Mechanical engineering	18,086	3,016	21,102	171,489	87,547	259,036
Instrument engineering	4,767	795	5,562	27,514	8,551	36,036
Electrical engineering	27,006	4,504	31,510	148,891	54,588	203,389
Shipbuilding and marine engineering	5,374	896	6,270	38,755	31,539	70,294
Vehicles	15,353	2,560	17,913	153,768	47,170	200,938
Metal goods not elsewhere specified	7,788	1,298	9,086	72,714	38,273	110,987
Textiles	6,334	1,056	7,390	77,528	39,451	116,979
Leather, leather goods and furs	417	69	486	3,953	2,547	6,500
Clothing and footwear	3,517	587	4,104	25,906	13,180	39,086
Bricks, pottery, glass, cement etc	12,392	2,066	14,458	136,253	44,644	180,897
Timber, furniture etc	6,651	1,109	7,760	43,144	32,206	75,350
Paper, printing and publishing	19,595	3,268	22,863	144,850	55,835	200,685
Other manufacturing industries	10,333	1,723	12,056	74,937	28,647	103,584
Construction	nil	nil	nil	102,732	7,213	109,945
Other	2,797	466	3,263	29,362	14,977	44,339
Total	376,194	62,729	438,923	3,376,142	1,061,406	4,437,548

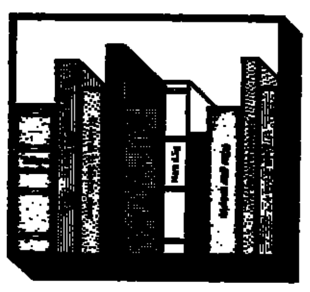
Regional analysis of grants

● Table 4 shows figures for the last 12 years to March 31, 1984, in £m

	Regional Development Grants	Section 7 Grants	Section 7 Loans/ Equity	Industry Schemes Grants	General Schemes Grants	General Schemes Loans/ Equity	Totals Grants	Totals Loans/ Equity
Scotland	1,272.0	133.7	41.9	26.7	19.6	nil	1,452.0	41.9
Wales	769.7	65.8	21.4	5.6	15.0	nil	856.1	21.4
North Eastern	1,240.9	93.8	18.2	12.7	11.6	0.5	1,359.0	18.7
Yorkshire and Humberside	276.4	57.7	9.3	50.7	16.3	nil	401.1	9.3
East Midlands	40.7	19.1	1.0	37.8	13.0	nil	110.6	1.0
South Eastern	nil	nil	nil	58.7	28.6	0.4	87.3	0.4
South West	73.1	14.5	5.0	20.8	7.3	nil	115.7	5.0
West Midlands	2.7	0.1	0.1	41.5	24.35	0.15	68.65	0.25
North West	762.0	133.6	26.7	43.6	21.0	nil	960.2	26.7
Northern Ireland	nil	nil	nil	1.5	nil	nil	1.5	nil
Other	nil	75.0	nil	6.5	11.5	4.9	93.0	4.9
Total	4,437.5	593.3	nil	306.1	168.25	5.95	5,505.15	129.55

Souce: Government statistics

Where to obtain further information



By ANTHONY MORETON

ANY BUSINESSMAN seeking guidance on what he might receive in UK Government assistance from moving to one area *rather than another*, or from installing new plant and equipment, has a virtual library of books at his disposal. There are also a large number of sources of information, of which the most important is the Government itself.

Regional policy and its implementation is the responsibility of the Department of Trade and Industry, though in Scotland, Wales and Northern Ireland it is delegated to the respective secretaries of state for those countries.

Initial inquiries should be made to the Department of Trade at 1 Victoria Street, London SW1. The DTI has a series of regional offices, the more important of which are in Newcastle, Manchester, Liverpool, Birmingham, Nottingham and Bristol. Addresses of each can be found in the phone book or from London.

In Wales, policy and grant matters are handled by the Welsh Office in Cardiff, assisted by the Welsh Development Agency, also in the city.

Scottish Office

For Scotland, inquiries should be made through the Industry Department of the Scottish Office in Glasgow, though the Scottish Office itself is in Edinburgh. It is assisted by the Scottish Development Agency in Glasgow.

The Northern Ireland Department of Economic Development is in Belfast, as is the Northern Ireland Industrial Development Board.

For help with projects in non-industrial areas the Development Commission at 11 Cowley Street, London, SW1, should be the first stop or, alternatively, its associate the Council for Small Industries in Rural Areas, which has an advisory service in Salisbury.

Assistance on factory buildings comes, among other sources, from English Estates at Team Valley Estate, Gateshead.

An indispensable pair of books is available from the Centre for Public Policy at the University of Strathclyde in Glasgow. Industrial Aids in the UK is a description of every conceivable aid known to man and probably a few more besides, while European Regional Incentives goes into great detail about what is available in the Ten, together with Portugal, Spain and Sweden.

The great scope of the books can be seen from the fact that the shorter of the two extends to 580 pages. The British book takes each individual scheme and details the awarding body, any location, industry or size *restrictions application* deadlines, other restrictions on eligibility, elegible expenditure, rate of award, payment procedure, application procedure and for those who still have questions "points to note."

Accountants

Most of the leading firms of accountants produce booklets of some kind, such as Finance for New Projects in the UK, a guide to *government* grants, from Peat Marwick (1, Puddle Dock, London, EC4), 237 pages of particularly well-laid-out and useful information.

Similarly, from Coopers & Lybrand (Abacus House, Gutter Lane, London, EC2), there is Investment in the UK, a short booklet, largely about taxation but with sections dealing not only with regional grants but also other regional aids such as enterprise zones and micro-electronics support schemes.

More detailed background on one area, Wales, from the same firm is contained in Wales: Opportunities for Business, available either from London or Churchill House, Churchill Way, Cardiff.

Blay's Guide to Regional Finance (Churchfield Road, Chalfont St. Peter, Bucks) might be a complete loose-leaf guide to assistance: although its cyclo-styled appearance is not so acceptable as the printed word, it does allow the volume to give the most up-to-date data available. Government changes announced in November have already been incorporated.

Handbook

The Business Location Handbook(from Beacon Publishing (Jubilee House, Weston Favell, Northampton), calls itself the "complete guide to the selection of industrial and commercial property throughout the UK."

This handbook is particularly strong on local government, detailing the name, address, phone number and other information, such as the name of the industrial development officer of every council in the country.

Specialist economies, such as the Isle of Man, Guernsey, and Jersey, are covered by their respective governments and there are a number of regional organisations within the UK which produce detailed guides to their areas. One such is the North-West England Directory of Industry and Commerce from the North-West Industrial Development Association (Brazennose House, Brazennose Street, Manchester). This is particularly strong on the companies operating in the area.

For the north-eastern side of Britain, help can be expected from the North of England Development Council at Bank House, Carliol Square, Newcastle upon Tyne, while at the other end of the country the Devon and Cornwall Development Bureau at either County Hall, Exeter, or County Hall, Truro, provides advice on the two most westerly English counties.

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